

5277. By Mr. EVANS of California: Petition of Jolidan Croake, of Tujunga, Calif., and 35 other citizens, for the relief of the permanently disabled emergency officers of the World War; to the Committee on World War Veterans' Legislation.

5278. By Mr. EVANS of Montana: Petition of Mrs. Roy Lyman and other residents of Darby, Mont., protesting against the passage of House bill 78; to the Committee on the District of Columbia.

5279. By Mr. GOODWIN: Petition in opposition to the provisions of House bill 189, known as the purification bill, signed by Alexander La Due and 30 other interested persons resident at or near International Falls, Minn.; to the Committee on Indian Affairs.

5280. Also, petition of Swen C. Sundeen and 60 other residents of Hinckley and Pine City, Minn., in protest against enactment into law of the Lankford Sunday observance bill (H. R. 78); to the Committee on the District of Columbia.

5281. Also, petition of Edward Anunsen, Esq., 2629 Clinton Avenue, and 31 other residents of Minneapolis, Minn., protesting against the enactment into law of the Lankford Sunday observance bill (H. R. 78); to the Committee on the District of Columbia.

5282. By Mr. GRIEST: Petition of Millersville Council, No. 188, Fraternal Patriotic Americans, Millersville, Pa., urging the enactment of House bill 10078, the Johnson deportation bill; to the Committee on Immigration and Naturalization.

5283. By Mr. HOWARD of Nebraska: Petition signed by A. Drake, of Columbus, Nebr., and 564 other persons in Columbus, protesting against the passage of the Lankford bill for compulsory observance of the Sabbath or any other proposed legislation favoring the compulsory observance of Sunday in the District of Columbia; to the Committee on the District of Columbia.

5284. By Mr. HALL of North Dakota: Petition of the Mutual Fire & Lightning Insurance Co. of Cooperstown, N. Dak., against Senate bill 1752, known as the Oddie bill; to the Committee on the Post Office and Post Roads.

5285. By Mr. HOGG: Petition of John T. Currall and 11 other citizens of Fort Wayne, Ind., protesting against passage of the Lankford bill; to the Committee on the District of Columbia.

5286. By Mr. HOWARD of Nebraska: Petition signed by H. B. Cowin, of Oakdale, Nebr., and 23 other citizens of Oakdale, Nebr., protesting against the passage of the Lankford bill (H. R. 78) for the compulsory observance of the Sabbath, or any other proposed legislation providing for the compulsory observance of Sunday in the District of Columbia; to the Committee on the District of Columbia.

5287. By Mr. LINDSAY: Petition of National Organization, Masters, Mates, and Pilots of America, Local No. 2, Philadelphia, Pa., presenting set of resolutions in unalterable opposition to the passage of House bill 11137 on the ground that it is a positive detriment to the best interest of all licensed men in the merchant marine; to the Committee on the Merchant Marine and Fisheries.

5288. Also, petition of national defense committee of the American Legion, Washington, D. C., protesting against House Joint Resolution 183 as being inimical to the public interest and would impose a self-imposed enlargement of the definition of neutrality such as agreed to by no other nation; to the Committee on Foreign Affairs.

5289. Also, petition of Charles L. Noble, of Clyde, N. Y., protesting the passage of the corn sugar bill; to the Committee on Interstate and Foreign Commerce.

5290. By Mr. LYON: Petition of certain citizens of Wilmington and Scotts Hill, N. C., protesting against the passage of House bill 78, in regard to Sabbath observance for the District of Columbia; to the Committee on the District of Columbia.

5291. By Mr. MORROW: Petition of citizens of Mesilla Valley, N. Mex., protesting against House bill 78, Lankford Sunday observance bill; to the Committee on the District of Columbia.

5292. Also, petition of citizens of Mora County, N. Mex., protesting against House bill 78, Lankford Sunday observance bill; to the Committee on the District of Columbia.

5293. Also, petition of citizens of Clovis and Texico, N. Mex., and others, protesting against House bill 78, Lankford Sunday observance bill; to the Committee on the District of Columbia.

5294. By Mr. MURPHY: Memorial of Thelma King, secretary, and Lowell Whinery, master, Butler Grange, No. 993, of Salem, Ohio, stating that Butler Grange 993 voted unanimously in favor of the passage of the "export debenture plan" of farm relief; to the Committee on Agriculture.

5295. By Mr. O'CONNELL: Petition of the Motor and Accessory Manufacturers Association of New York City, favoring the passage of the Capper-Kelly bills (S. 1448 and H. R. 11) to

permit the manufacturer of identified merchandise to control his selling prices; to the Committee on Interstate and Foreign Commerce.

5296. Also, petition of the American Legion National Legislative Committee, Washington, D. C., opposing the passage of House Joint Resolution 183; to the Committee on Foreign Affairs.

5297. Also, petition of the Municipal League of Los Angeles, Calif., with reference to the construction of Boulder Dam; to the Committee on Irrigation and Reclamation.

5298. Also, petition of the Richmond Hill Post, No. 212, American Legion, Richmond Hill, Long Island, N. Y., favoring the construction of such vessels and airplanes as are necessary to place the United States on a par with the other signatory powers to the armament conference; to the Committee on Naval Affairs.

5299. By Mr. ROBINSON of Iowa: Resolution adopted by the members of the Dubuque and Waterloo districts of the Upper Iowa Conference of the Methodist Episcopal Church and sent in signed by Lillian Ludwig, of Independence, Iowa, protesting against the large increase in our Navy; to the Committee on Naval Affairs.

5300. By Mr. SINNOTT: Petition of numerous citizens of Sprague River, Klamath County, Oreg., protesting against House bill 78, the compulsory Sunday observance bill; to the Committee on the District of Columbia.

5301. By Mr. SWING: Petition of citizens of Anaheim, Calif., protesting against compulsory Sunday observance laws; to the Committee on the District of Columbia.

5302. By Mr. THURSTON: Petition of 99 citizens of Mystic, Iowa, and vicinity, protesting against the passage of House bill 78, or the compulsory Sunday observance bill; to the Committee on the District of Columbia.

5303. By Mr. WURZBACH: Petition of M. J. Barber, O. H. Moss, R. J. Haas, Mrs. R. J. Haas, and 71 other citizens of San Antonio, Bexar County, Tex., protesting against the Lankford compulsory Sunday observance bill (H. R. 78); to the Committee on the District of Columbia.

5304. Also, petition of M. A. Nelson, W. E. Edmundson, G. F. Arps, E. B. Nullinaux, and other citizens of Brownsville, Cameron County, Tex., protesting against the Lankford compulsory Sunday observance bill (H. R. 78); to the Committee on the District of Columbia.

5305. By Mr. WYANT: Petition of Sewickley Grange, No. 1897, Patrons of Husbandry, West Newton, Westmoreland County, Pa., favoring passage of House bill 10078; to the Committee on Immigration and Naturalization.

5306. Also, petition of J. M. McCall, West Newton, Pa., protesting against Senate bill 2806 and House bill 10022; to the Committee on Agriculture.

5307. Also, petition of State executive committee, Department of Pennsylvania of the American Legion, favoring Navy program outlined by President Coolidge; to the Committee on Naval Affairs.

5308. Also, petition of William Harry Davidson Post, No. 114, Vandergrift, Pa., the American Legion, favoring passage of proposed bill for building up of the American Navy; to the Committee on Naval Affairs.

5309. Also, petition of Capt. George A. Cribbs Post, No. 276, Grand Army of the Republic, Greensburg, Pa., indorsing Morgan bill in behalf of Union Civil War veterans and widows; to the Committee on Invalid Pensions.

SENATE

TUESDAY, March 13, 1928

(Legislative day of Tuesday, March 6, 1928)

The Senate reassembled at 12 o'clock meridian, on the expiration of the recess.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Gooding	La Follette
Barkley	Curtis	Greene	McKellar
Bayard	Dale	Hale	McLean
Bingham	Deneen	Harris	McMaster
Black	Dill	Harrison	McNary
Blaine	Edge	Hawes	Mayfield
Borah	Edwards	Hayden	Metcalf
Brookhart	Fess	Heflin	Neely
Broussard	Fletcher	Howell	Norbeck
Bruce	Frazier	Johnson	Norris
Capper	George	Jones	Oddie
Caraway	Gerry	Kendrick	Overman
Copeland	Glass	King	Phipps

Ransdell
Reed, Pa.
Robinson, Ark.
Sackett
Schall
Sheppard

Shipstead
Shortridge
Simmons
Smith
Smoot
Steck

Steiwer
Stephens
Swanson
Thomas
Tydings
Tyson

Walsh, Mass.
Warren
Waterman
Wheeler
Willis

Mr. JONES. I was requested to announce that the Senator from North Dakota [Mr. NYE], the Senator from New Mexico [Mr. CUTTING], the Senator from Montana [Mr. WALSH], the Senator from New Mexico [Mr. BRATTON], and the Senator from New York [Mr. WAGNER] are detained in a hearing before the Committee on Public Lands and Surveys.

The VICE PRESIDENT. Seventy-five Senators having answered to their names, a quorum is present.

JOINT COMMITTEE ON INTERNAL REVENUE TAXATION

Mr. SMOOT. Mr. President, by instruction of the Joint Committee on Internal Revenue Taxation I present a progress report, division of investigation, as of March 1, 1928, and ask that it be printed in the RECORD.

Mr. COUZENS. Mr. President, may I ask the Senator from Utah if we are going to have the report printed as a public document?

Mr. SMOOT. I will say to the Senator that the Joint Committee on Internal Revenue Taxation are going to order not only copies of this report but of the revised report on earned income, special investigation, in which the Senator was interested, and Federal taxation of insurance companies. They will be printed, no doubt, within the next week, and the Senator can get copies.

Mr. COUZENS. That will contain all the work of the joint committee?

Mr. SMOOT. This is the third report. The joint committee up to this time have printed two reports, and this is the third report.

Mr. COUZENS. The others were printed separately, as I remember. Why not have this report printed separately?

Mr. SMOOT. It is for the committee, at the next meeting, to decide whether they will print the whole as one document or not. What they want at this particular time is to make the progress report and have it printed in the RECORD, and at the next meeting the question of the other report will be taken up and determined by the full committee, and no doubt the reports will be printed as a complete document.

Mr. McKELLAR. Mr. President, my attention was diverted. May I inquire what it is the Senator proposes? Is this a report from a committee?

Mr. SMOOT. It is a report from the Joint Committee on Internal Revenue Taxation. This is the third progress report. The joint committee asked me to have it printed in the RECORD. At the next meeting the report on "Further investigation" will probably be ordered, and we will then print it as a complete document. The committee had already asked that there be copies of each of the subdivisions printed for the use of the committee, and when they are finally decided upon I have no doubt they will all be printed as one document.

Mr. McKELLAR. The request of the Senator now is to print this progress report in the RECORD?

Mr. SMOOT. Yes.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator a question?

Mr. SMOOT. Certainly.

Mr. ROBINSON of Arkansas. Is it expected that the final report will be made during the present session?

Mr. SMOOT. I am quite sure that it will be made at the present session, I will say to the Senator.

Mr. ROBINSON of Arkansas. Three partial reports have been made?

Mr. SMOOT. This is the third report.

Mr. ROBINSON of Arkansas. And when the report is completed, all parts of it will be printed in one document?

Mr. SMOOT. The full 12 subjects will be printed.

The VICE PRESIDENT. Is there objection to the request of the Senator from Utah? The Chair hears none, and it is so ordered.

The report is as follows:

PROGRESS REPORT, DIVISION OF INVESTIGATION, AS OF MARCH 1, 1928

The purpose of this report is to outline as briefly as possible the completed work of this division, the work in process and the status of same, the work which has been approved for the future but not yet started, and, finally, certain recommendations in regard to future subjects which seem worthy of investigation.

COMPLETED WORK

The following reports have been completed and transmitted to the members of the Joint Committee on Internal Revenue Taxation up to March 1, 1928:

1. Plan of procedure, division of investigation.
2. Depletion, oil, and gas wells.
3. Evasion of surtaxes by incorporation.
4. State and local taxes.
5. Capital gains and losses.
6. Earned income.
7. Consolidated returns.
8. Installment sales.
9. Interest.
10. Board of Tax Appeals statistics.
11. Depreciation.
12. Refunds, credits, and abatements from March 1, 1927, to November 1, 1927.

The majority of the reports on the above-mentioned subjects appear to have been sufficient for the purposes of the committee, with a few exceptions. In these latter cases a revised report is necessary and will be noted at the appropriate place under "work in process" or under "work approved but not started."

WORK IN PROCESS

The following subjects are under investigation and reports on same are in various stages of completion.

1. The income tax on insurance companies: A report on this subject has been completed by Mr. Stratton, auditor for this committee, and is now being revised following a conference with the writer. The report will be ready for transmittal to the committee within a few days.

In respect to this subject it may properly be stated in advance that the insurance provisions of the law have undergone practically no change since 1921. On the whole, the provisions are found to be satisfactory, but the question of exempting insurance companies from tax on capital gains and denying them credit for capital losses will be raised; as the reason for treating insurance companies differently from all other companies in this respect is not apparent.

2. Depletion of metal mines: A report on this subject has been completed by Mr. Shepherd, mining engineer for this committee. This report is in process of being revised by the writer. A preliminary copy of the report has been submitted to the chairman.

The general purpose of this study has been to devise a means of determining depletion on the basis of a percentage of gross or net income, thus eliminating troublesome and indefinite discovery valuations based on individual judgment. The work of assembling, interpreting, and summarizing the necessary statistics on this subject has been difficult but has been satisfactorily completed.

The method of application of the percentage suggested in the original report appears to be too favorable to the mining industry, and the report is being revised in this respect and should be completed by March 15.

3. Depletion of coal mines: A preliminary report on this subject has been made and the same remarks apply as in the case of the report on metal mines just noted.

4. Special investigations: At the request of Senator COUZENS and under instructions from the chairman, certain individual cases or subjects, which had been partially investigated by the former Senate committee of which the Senator was chairman, have been reported on.

This report is in the hands of the chairman and is ready for transmittal to the members of the joint committee.

5. Earned income: A revised report on the subject of simplification of the earned-income provision is nearing completion. While this subject has been reported on and the necessity for simplification recognized, the details of the first report were not approved by the Ways and Means Committee. It is believed the revised report will meet with favorable comment. The basic idea was proposed by the chairman.

6. Refunds, credits, and abatements (from November 1, 1927, to March 1, 1928): A report of all refunds, credits, and abatements in excess of \$75,000, approved by the Bureau of Internal Revenue, from March 1, 1927, to November 1, 1927, has already been made and transmitted to each member of this committee. A supplemental report covering the refunds, credits, and abatements approved since the latter date up to March 1, 1928, is in process.

7. Graduated tax on individuals: Inasmuch as the present tax on individuals is complicated by the use of three normal tax rates and a graduated table of surtax rates, a report has been started with the purpose of developing the feasibility of substituting for the present system a single scale of graduated rates which will accomplish practically the same results.

8. Special advisory committee: A report has been started describing the purpose, organization, and functions of the special advisory committee recently established by the Bureau of Internal Revenue for the primary purpose of keeping tax cases from going unnecessarily before the Board of Tax Appeals and the courts and increasing the present congestion. This report was ordered at the last meeting of the joint committee.

9. Administration: While a report on this subject has been made to the joint committee by the Treasury Department, material is being gathered for a supplemental report on the same subject by this division with special reference to the difficulties encountered by the taxpayers

in dealing with the complexities of our present administrative system. Mr. Chesteen, assistant chief of this division, is preparing this report.

10. Statistics: This division is constantly employed in the analysis and summarization of tax statistics, reference to which is required in nearly all reports. Members of the committee can secure such statistics on almost any tax subject on request.

FUTURE WORK (APPROVED)

The following subjects have been approved for investigation, but reports on same have not been started, although certain statistical and special data have been accumulated in readiness for use in such reports:

1. Inventories: This subject has been approved for investigation because of the difficulty in arriving at the correct market value of inventories at the beginning and end of the year. The importance of the subject has been shown by the large amounts refunded on account of adjustments to such inventories.

2. Foreign corporations: Certain statistical and special information indicates that foreign corporations with branches in this country are able to avoid taxes by shifting profits to the parent company. For instance, one large firm doing business in this country to the extent of \$200,000,000 annually has apparently paid practically no tax since 1916. An investigation of this matter has been approved.

3. Gifts and trusts: A certain amount of income appears to escape taxation through gifts and trusts. A preliminary study has been ordered to develop the necessary facts and to show the present inconsistencies of our law on this subject.

4. Gain or loss: The provisions relating to the recognition of gain or loss from sales and exchanges have presented difficult questions. The meaning of the word "income" as used in the constitutional amendment is specifically involved. A report on this subject has been approved.

5. Reorganizations: The provision in reference to reorganizations is among the most technical contained in the revenue act. A report covering certain aspects of this subject has been considered advisable.

6. Net losses: It appears that the determination of net losses allowed as a deduction from the income of the two next succeeding years has been troublesome in certain cases. An investigation of this matter has been approved.

RECOMMENDATIONS FOR OTHER INVESTIGATIONS

While the investigation of the specific subjects already noted in this report will undoubtedly have a beneficial result, the writer believes that the work of the division will fall short of what the committee, the Congress, and the public have a right to expect unless certain reports are made with a decidedly broader scope. Real simplification may be secured by departing from some of the methods now in use in our tax law. In the majority of cases the revisions of the sections, one by one, do not accomplish much simplification, whereas the revision of a number of sections as a group may so result.

For instance, Senator REED, of this committee, at one time suggested the possibility of eliminating capital gains and losses and depreciation and depletion. This proposal, while not favorably reported on in its original form, may well result in a revised plan which will have great merit in regard to simplification. In any event, in such an investigation it is obvious that we must deal with not one but at least four provisions of the present law, i. e., sections 204, 208, 214 (a) (8), and 214 (a) (9).

Two such subjects of broader scope have already been approved and noted. One concerned the tax on individuals, which contemplated the substitution of one graduated tax for three normal tax rates and a graduated surtax. This subject is also necessarily connected with dividends and earned income. The second report of a general nature is the one dealing with administration which, of course, will treat of the administrative provisions, both generally and specifically.

In line with the above thought the following subjects are recommended for investigation:

1. Simplification of capital gains and losses, depreciation, and depletion by a new concept of what constitutes income in such cases. (Senator REED's original proposal has suggested this report.)

2. Fiscal-year returns: If fiscal-year returns could be eliminated, both the law and the administration thereof would be simplified. An investigation of this subject, which would provide a practical means of treating companies who might still keep their books on a fiscal-year basis for their own purposes and merely make adjustments for the calendar year, seems worth attempting.

3. Nonresident alien individuals: There are a number of provisions in the law relative to this class of taxpayers. In view of the small return from the tax on this class a report can be made which would make these provisions much more simple. Even if such simplification should require a more liberal policy toward these aliens, it might be the opinion of the committee that this country could afford to set an example in this matter, with the hope that it would ultimately react in favor of our own citizens having business in foreign countries.

4. Inequities of the present law and suggested remedies: In the course of the detailed study of many actual cases which have been made by this division certain glaring inequities, both against the taxpayer and against the Government have been found. A report on this

subject develops the possible need of including in our tax law certain principles which up to this time have not been recognized.

It is probable that there are more subjects of the character just described which will be suggested later.

In addition to these subjects, which include the consideration of a number of sections of the income tax law at one time there are, of course, certain other subjects of much broader scope which have been suggested for investigation. No recommendation is made on these general subjects, but it appears proper to enumerate the following questions for the decision of the committee:

1. Should a preliminary report and statistics be prepared in reference to a sales tax or a gross receipts tax?

2. Should a preliminary report and statistics be prepared in reference to luxury taxes?

3. Should a preliminary report and statistics be prepared on a graduated corporation tax?

4. Should a preliminary report and statistics be prepared on an excess-profits tax to have ready in event of war?

5. Should a consistent formula of rate adjustment be worked out to return any desired amount of revenue in a given year?

CONCLUSION

It has been necessary in connection with the work of this division to accumulate a large amount of data on tax subjects. The members of this committee have sometimes availed themselves of the information already assembled, but not to the extent which was anticipated. The writer especially desires to point out that in general information and statistics on tax subjects can be readily given to members of the committee without serious inconvenience.

Respectfully submitted,

L. H. PARKER,
Chief of Division of Investigation.

MARCH 1, 1928.

UNEMPLOYMENT CONDITIONS

Mr. SMOOT. Mr. President, I send to the desk an article published in the Washington Post this morning in the form of a statement from the Secretary of Labor relating to the unemployment condition, together with an editorial from the same paper on the same subject, and ask that they be printed in the RECORD at this point.

The VICE PRESIDENT. Without objection, it is so ordered. The article and editorial are as follows:

[From the Washington Post, March 13, 1928]

UNEMPLOYMENT GREATLY EXAGGERATED, DAVIS SAYS; SOON WILL BE ABSORBED—SECRETARY OF LABOR, NOW MAKING INQUIRY FOR SENATE, SAYS SITUATION IS NOT SO ALARMING AS SOME STATE—FARM LABOR OPENING UP—STEEL INDICATES IMPROVEMENT IN INDUSTRY

(James J. Davis, Secretary of Labor, has written the following article for the Washington Post, exclusively, in which he discusses the unemployment situation with reference to the census of employment his department is making.)

By James J. Davis, Secretary of Labor

The Department of Labor is tabulating the figures on unemployment. It began this work some time before the Senate directed the Secretary of Labor to undertake a study of the actual facts of unemployment. As soon as the returns are complete, the total will be published to the country. The work is now well under way.

The figures so far gathered show conclusively that the volume of unemployment is nowhere nearly so great as has been supposed. The "estimates" now current are proved to be wild and harmful guesses. One such "estimate" was to the effect that 4,000,000 are now out of work. When pressed to substantiate this, the agency responsible for this estimate could not make good. The estimate had simply been pinched out of the air. Nevertheless, it has in certain quarters been taken for fact and given wide circulation.

The statistical experts in the Department of Labor know, by the results of their own investigation so far, that such guesses as the above are wide of the actual facts. Counting every jobless person in the United States would mean the taking of a census, a long, costly, and useless process. By the time the census were complete the situation would have changed and the facts gained would be of no value. But actual census methods are possible in scattered but typical industrial regions, and the similarity of the results obtained may be taken as a sufficiently accurate guide to conditions all over the country.

For example, in one typical city of the manufacturing East one industrial authority put out the estimate that 75,000 persons in that city were out of work. This estimate was made in all honesty, yet if true it would have meant that nearly every worker in that city was out of a job.

In answer to this estimate a more conservative authority made a hasty investigation and arrived at the belief that only 33,000 people were out of work. Still another authority undertook the job in earnest. Every doorbell in that city was rung; every family in it

was questioned; every jobless person was counted. The actual total found to be out of work was under 15,000 people. This was serious enough, but it was less than half the more conservative "estimate" and less than a fifth of the wilder one.

Similar counts from door to door, where these have so far been taken in other cities and States, reveal an almost identical contrast between the actual number out of work and the number of "estimates."

In the best of times there are always about 1,000,000 people out of work in the United States. Some are ill or injured. Many have left a job in one city to take a job in another city. Some are the restless and nomadic. The seasons affect many in the building and garment trades and in farm or other outdoor work. These may be only temporarily out of employment, but on the books from which the records in the Department of Labor are taken these are rated as "unemployed."

Of late years the rapid introduction of labor-saving machinery has displaced many workers who remain to be absorbed in newer industries. Had there been no such new industries to absorb this type of labor, we might have had an economic convulsion. In the past 20 years five great new industries have risen to save this situation, chiefly the automobile and the chemical and electrical industries. The development of these new industries goes right on.

While the present unemployment situation is nowhere near so alarming as interested parties endeavor to make it, it is sufficiently serious to give us earnest thought. I am convinced, however, that with the advancing season much of the present unemployment will disappear of its own accord. Farm labor is opening up. The Government and private enterprise have elaborate building programs on hand. The improvement in steel indicates a general improvement due in industry. With the coming of spring I believe the great bulk of the jobless will thus be soon reemployed—and by their increased buying and consuming power will increase demand and add stimulation to business in general.

[From the Washington Post, March 13, 1928]

UNEMPLOYMENT FACTS

Estimates placing unemployment in the United States at 4,000,000 persons have been picked "out of the air," according to James J. Davis, Secretary of Labor, in a statement to the Post. Exact calculations already made by agents of the Department of Labor reveal a shrinkage of 80 per cent from surmises to facts. There is unemployment, Secretary Davis acknowledges, but as he points out there are 1,000,000 persons always idle in the United States, even when all industry is working at top speed. Seasonal demands have a tremendous influence upon the labor supply, and to-day there are signs of recovery in several lines which have not been active.

One point which Secretary Davis makes can not be overlooked. The development of new industries in recent years has been phenomenal. Millions of men are engaged in the manufacture of automobiles, radios, and chemicals, for whom there would have been no room at the opening of the present century. There are others, such as aviation, just coming to the front.

It appears to be evident, therefore, that the threat of an unemployment crisis was uttered more in politics than in earnest. Detailed examination will reveal no such ailment as the first calamity howl would have indicated. In any event, matters can not be helped by what Mr. Davis terms "wild and harmful guesses." Predicting hard times is one way of obtaining them.

Mr. SMOOT. In a discussion of the unemployment question a few days ago, Senators asked me what were the 54 industries to which I referred. I have a list of them here, and, to demonstrate that they are not wholly what are called "big business," I ask permission to have the list inserted in the Record.

There being no objection, the list was ordered to be printed in the Record, as follows:

TABLE 1.—Comparison of employment and pay-roll totals in identical establishments during one week each in October and November, 1927

Industry	Establishments	Number on pay roll		Per cent of change	Amount of pay roll		Per cent of change
		October, 1927	November, 1927		October, 1927	November, 1927	
Food and kindred products.....	1,701	230,998	227,198	—	\$5,853,774	\$5,763,163	—
Slaughtering and meat packing.....	196	83,773	84,770	+1.2	2,152,681	2,184,742	+1.5
Confectionery.....	312	41,626	39,713	—4.6	764,561	732,455	—4.2
Ice cream.....	208	9,450	8,853	—6.3	312,315	291,461	—6.7
Flour.....	337	16,124	15,785	—2.1	445,070	425,824	—4.3
Baking.....	634	69,282	67,687	—1.9	1,859,300	1,829,719	—1.6
Sugar refining, cane.....	14	10,743	10,000	—6.1	319,847	298,962	—6.6
Textiles and their products.....	1,883	613,294	612,186	—	12,434,220	12,008,242	—
Cotton goods.....	474	238,048	238,606	—	3,951,304	3,848,837	—2.6
Hosiery and knit goods.....	244	80,383	81,544	+1.4	1,592,129	1,682,683	+5.6
Silk goods.....	188	54,752	54,166	—1.1	1,180,934	1,131,879	—4.2
Woolen and worsted goods.....	194	65,387	66,104	+1.1	1,500,407	1,485,218	—1.0
Carpets and rugs.....	29	23,644	23,996	+1.5	627,636	638,725	+1.8
Dyeing and finishing textiles.....	99	31,710	32,007	+9	798,921	783,626	—1.9
Clothing, men's.....	287	65,896	63,093	—4.3	1,573,454	1,397,006	—11.2
Shirts and collars.....	90	19,660	20,174	+2.6	337,107	337,516	+1
Clothing, women's.....	201	21,849	21,127	—3.3	594,314	538,607	—9.4
Millinery and lace goods.....	77	11,365	11,369	—	278,014	259,145	—6.8
Iron and steel and their products.....	1,780	634,131	618,622	—	18,301,334	17,612,300	—
Iron and steel.....	203	256,766	252,261	—1.8	7,533,612	7,345,036	—2.5
Cast-iron pipe.....	40	12,598	12,320	—2.2	296,344	270,181	—8.8
Structural ironwork.....	153	23,864	23,441	—1.8	715,500	683,180	—4.5
Foundry and machine-shop products.....	970	225,961	219,086	—3.0	6,517,327	6,266,472	—3.8
Hardware.....	72	32,282	31,952	—1.0	802,148	784,265	—2.2
Machine tools.....	146	28,093	27,588	—1.8	855,547	844,945	—1.2
Steam fittings and steam and hot-water heating apparatus.....	110	39,147	36,924	—5.7	1,147,563	1,004,721	—12.4
Stoves.....	86	15,420	15,050	—2.4	433,293	413,400	—4.6
Lumber and its products.....	1,170	221,868	218,306	—	5,040,165	4,914,567	—
Lumber.....	470	122,253	119,451	—2.3	2,553,711	2,487,410	—2.6
Sawmills.....	269	32,042	31,266	—2.4	786,828	751,419	—4.5
Millwork.....	431	67,573	67,589	—	1,699,617	1,675,738	—1.4
Furniture.....	352	125,765	118,756	—	2,852,914	2,487,683	—
Leather and its products.....	122	26,871	26,914	+2	666,560	664,283	—
Boots and shoes.....	230	98,894	91,842	—7.1	2,186,354	1,823,400	—16.6
Paper and printing.....	906	177,173	178,554	—	5,764,508	5,814,924	—
Paper and pulp.....	214	58,826	58,713	—	1,562,272	1,554,529	—
Paper boxes.....	179	20,660	20,836	+8	470,599	470,055	—
Printing, book and job.....	304	48,506	49,695	+2.5	1,713,333	1,749,782	+2.1
Printing, newspapers.....	209	49,181	49,310	+3	2,018,304	2,040,568	+1.1
Chemicals and allied products.....	355	89,613	88,275	—	2,602,415	2,554,951	—
Chemicals.....	127	32,751	33,062	+9	905,092	902,063	—
Fertilizers.....	173	11,332	11,041	—2.6	212,782	207,875	—2.3
Petroleum refining.....	55	45,530	44,172	—3.0	1,484,561	1,445,023	—2.7
Stone, clay, and glass products.....	666	110,094	109,209	—	2,929,901	2,855,708	—
Cement.....	99	26,286	25,303	—3.7	786,129	744,581	—5.3
Brick, tile, and terra cotta.....	397	33,359	32,378	—2.9	849,979	817,297	—3.9
Pottery.....	60	12,713	13,020	+2.4	341,949	343,993	+6
Glass.....	110	37,736	38,508	+2.0	951,844	949,837	—
Metal products, other than iron and steel.....	216	49,824	49,120	—	1,320,974	1,300,409	—
Stamped and enameled ware.....	68	18,523	18,540	+1	465,395	465,926	+1
Brass, bronze, and copper products.....	148	31,301	30,580	—2.3	855,579	834,483	—2.5
Tobacco products.....	185	47,801	47,437	—	837,239	825,686	—
Chewing and smoking tobacco and snuff.....	30	8,518	8,450	—	139,063	128,607	—7.5
Cigars and cigarettes.....	153	39,283	38,987	—	698,176	697,079	—
Vehicles for land transportation.....	1,200	468,730	439,211	—	14,873,029	13,632,440	—
Automobiles.....	197	301,060	275,653	—8.4	9,873,251	8,680,878	—12.0
Carriages and wagons.....	54	1,457	1,432	—1.7	22,042	29,620	+7.6
Car building and repairing.....	382	26,485	26,170	—1.2	804,954	813,141	+1.0
Electric railroad.....	567	139,728	138,956	—	4,163,382	4,098,807	—
Steam railroad.....				—2.7			—1.6

TABLE 1.—Comparison of employment and pay-roll totals in identical establishments during one week each in October and November, 1927—Continued

Industry	Establishments	Number on pay roll		Per cent of change	Amount of pay roll		Per cent of change
		October, 1927	November, 1927		October, 1927	November, 1927	
Miscellaneous industries.....	405	249,438	246,686	-----	\$7,270,234	\$6,957,543	-----
Agricultural implements.....	95	24,202	24,465	+1.1	681,093	690,162	+1.3
Electrical machinery, apparatus, and supplies.....	171	122,074	121,255	- .7	3,561,100	3,405,875	-4.4
Pianos and organs.....	38	7,386	7,435	+ .7	233,797	229,306	-1.9
Rubber boots and shoes.....	10	18,714	19,197	+2.6	471,611	491,557	+4.2
Automobile tires.....	65	51,167	48,757	-4.7	1,554,828	1,401,895	-9.8
Shipbuilding, steel.....	86	25,895	25,577	-1.2	767,805	738,748	-3.8
All industries.....	10,819	3,018,729	2,953,560	-----	80,081,298	76,722,522	-----
RECAPITULATION, BY GEOGRAPHIC DIVISIONS							
New England.....	1,394	415,771	409,796	-1.4	\$10,094,948	\$9,731,140	-3.6
Middle Atlantic.....	2,536	843,641	830,382	-1.6	23,732,555	23,016,326	-3.0
East North Central.....	2,883	968,703	935,797	-3.4	28,709,878	26,993,974	-6.0
West North Central.....	1,050	162,282	156,845	-3.4	4,106,333	3,896,141	-5.1
South Atlantic.....	1,127	281,451	279,525	- .7	5,257,572	5,165,350	-1.8
East South Central.....	519	114,255	112,682	-1.4	2,188,917	2,110,443	-3.6
West South Central.....	458	86,156	84,837	-1.5	1,860,146	1,796,843	-3.4
Mountain.....	185	27,072	27,356	+1.0	744,209	753,215	+1.2
Pacific.....	667	119,398	116,340	-2.6	3,386,740	3,259,090	-3.8
All divisions.....	10,819	3,018,729	2,953,560	-----	80,081,298	76,722,522	-----

Mr. SMOOT. Reference was made to a report submitted by Secretary of Labor Davis in August, 1921, less than six months after the Republicans came into power March 4 of that year. This report may be found in the CONGRESSIONAL RECORD of August 16, 1921, dated August 12. It was offered and printed in response to Senate Resolution 126. In this report the Secretary of Labor estimated that at that date there were 5,735,000 unemployed in the whole country, distributed as follows: Manufactures, 3,900,000; mining, 250,000; transportation, 800,000; trades and clerks, 450,000; domestic and personal, 335,000—total, 5,735,000. The report further states that there were 3,906,450 fewer workers employed in July, 1921, than in January, 1920. Employment was above normal in the spring of 1920, and the drop came in the winter and spring of 1920-21. The unemployment situation was so bad that President Harding called a national conference. In his annual report of 1922 Secretary of Commerce Hoover refers to this as follows:

The extension of unemployment to between 4,000,000 to 5,000,000 of our workers as the result of the industrial slump [of 1921] presented the most difficult unemployment crisis that the country had ever faced.
* * * On September 26, 1921, a conference on unemployment was summoned at this [Commerce] department in cooperation with the Department of Labor.

PETITIONS AND MEMORIALS

Mr. WILLIS presented petitions of sundry citizens of Dayton and Hamilton County, in the State of Ohio, praying for the passage of legislation granting increased pensions to Civil War veterans and their widows, which were referred to the Committee on Pensions.

Mr. WARREN presented a resolution adopted by Lodge Fjallets Stjarna, No. 236, Vasa Order of America, of Rock Springs, Wyo., favoring repeal of the national-origins quota provision of the existing immigration law, so that the quota allowances for Sweden and other Scandinavian countries may remain unchanged, which was referred to the Committee on Immigration.

Mr. McLEAN presented a paper in the nature of a petition from the Woman's Relief Corps, Auxiliary to the Grand Army of the Republic, of Greenwich, Conn., praying for the passage of legislation granting increased pensions to widows of Civil War veterans, which was referred to the Committee on Pensions.

He also presented letters in the nature of petitions from the pastor of the First Baptist Church, of New London; president of the Fairfield County League of Women Voters, of South Norwalk; and the minister of the Congregational Church of New Canaan, all in the State of Connecticut, praying for adoption of the so-called Gillett resolution suggesting to the President the advisability of a further exchange of views with the signatory States regarding the adherence of the United States to the Permanent Court of International Justice, etc., which were referred to the Committee on Foreign Relations.

He also presented letters in the nature of memorials from the American Philological Association of Trinity College, of Hartford; the Savings Bank of Danbury; the Berkley Cooperative Society, of Middletown; the Branford Trust Co., of Branford; and the pastor of the Community Congregational Church, of

Eastford, all in the State of Connecticut, remonstrating against the passage of the bill (S. 1752) to regulate the manufacture and sale of stamped envelopes, which were referred to the Committee on Post Offices and Post Roads.

He also presented a telegram in the nature of a petition signed by the committee of Ahepa Chapter, No. 62, of Bridgeport, Conn., praying for adoption of the proposed debt settlement between the United States and Greece, which was referred to the Committee on Finance.

He also presented a letter in the nature of a petition from Naval Post, No. 110, the American Legion, of New Haven, Conn., praying for adoption of the proposed naval building program, which was referred to the Committee on Naval Affairs.

He also presented a paper in the nature of a memorial from the Woman's Alliance of All Souls Church of New London, Conn., remonstrating against adoption of the proposed naval building program, which was referred to the Committee on Naval Affairs.

Mr. COPELAND presented a resolution adopted by Nassau-Suffolk Civil Engineers (Inc.), of Garden City, Long Island, protesting against the passage of the bill (H. R. 7480) to authorize the transfer of the geodetic work of the Coast and Geodetic Survey from the Department of Commerce to the Department of the Interior, and for other purposes, which was referred to the Committee on Commerce.

He also presented memorials of sundry citizens of Woodside and Elmhurst, in the State of New York, remonstrating against further postponement, amendment, or repeal of the national-origins provision of the existing immigration law, which were referred to the Committee on Immigration.

He also presented resolutions of the Samuel D. Johnson Association (Inc.), of the Borough of Brooklyn, N. Y., protesting against the passage of legislation providing for compulsory Sunday observance in the District of Columbia, which were referred to the Committee on the District of Columbia.

He also presented a petition of sundry citizens of Syracuse, N. Y., praying for the passage of legislation granting increased pensions to Civil War veterans and their widows, which was referred to the Committee on Pensions.

Mr. REED of Pennsylvania presented a resolution adopted by the national defense committee of the American Legion, which was referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

Whereas the members of the American Legion, composed of former service men who engaged in the greatest war in history, are vitally interested in the peace of the world and the security of our Nation: Therefore be it

Resolved, That the national defense committee of the American Legion recommends to the President that at all international peace, disarmament, or similar conferences, involving the question of national security, in which the United States is a participant or has an observer, official or otherwise, the American Legion be accorded a representative at such international conferences; and be it further

Resolved, That the chairman of this committee, with such members as he may select, be, and is hereby, authorized and requested to deliver a copy of this resolution to the President of the United States.

The foregoing resolution adopted by unanimous vote of the national defense committee of the American Legion, in session at the Army and Navy Club, Washington, D. C., March 11, 1928.

ROY HOFFMAN, *Chairman.*
C. V. SPAWR, *Secretary.*

Members American Legion national defense committee: David L. Shillinglaw, Forgan, Gray & Co., 105 South La Salle Street, Chicago, Ill.; C. V. Spawr, Benton Harbor, Mich.; Gill R. Wilson, 19 North Clinton Avenue, Trenton, N. J.; Dudley W. Knox, Navy Department, Washington, D. C.; G. Angus Fraser, Bismarck, N. Dak.; William G. Mitchell, "Boxwood," Middleburg, Va.; Albert L. Cox, Raleigh Building & Loan Building, Raleigh, N. C.; Hanson E. Ely, Governors Island, New York, N. Y.; Roy Hoffman, 906-912 First National Bank Building, Oklahoma City, Okla.

REPORTS OF COMMITTEES

Mr. FRAZIER, from the Committee on Indian Affairs, to which was referred the bill (S. 1662) to change the boundaries of the Tule River Indian Reservation, Calif., reported it with an amendment and submitted a report (No. 535) thereon.

He also, from the same committee, to which was referred the bill (S. 2084) for the purchase of land in the vicinity of Winnemucca, Nev., for an Indian colony, and for other purposes, reported it with amendments and submitted a report (No. 536) thereon.

Mr. CARAWAY, from the Committee on Claims, to which was referred the bill (S. 2319) for the relief of John W. Stockett, reported it without amendment and submitted a report (No. 537) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. NORRIS:

A bill (S. 3616) granting a pension to Mary V. Bettinger; to the Committee on Pensions.

By Mr. McKELLAR:

A bill (S. 3617) granting an increase of pension to Mattie E. Russell; to the Committee on Pensions.

By Mr. NORBECK:

A bill (S. 3618) granting an increase of pension to Mary K. Johnson (with accompanying papers); to the Committee on Pensions.

By Mr. CAPPER:

A bill (S. 3619) to permit the naturalization of certain Filipinos who have served in the United States Army; to the Committee on Immigration.

By Mr. RANDELL:

A bill (S. 3620) granting certain land to the Roman Catholic congregation of St. Joseph's Roman Catholic Church of the city of Baton Rouge, La.; to the Committee on Public Lands and Surveys.

CHANGE OF REFERENCE

On motion of Mr. REED of Pennsylvania, the Committee on Military Affairs was discharged from the further consideration of the bill (S. 193) for the relief of Capt. W. B. Finney, and it was referred to the Committee on Claims.

CLAIMS OF SETTLERS, LAKE COUNTY, FLA.

Mr. FLETCHER submitted an amendment intended to be proposed by him to the bill (H. R. 5695) authorizing the Secretary of the Interior to equitably adjust disputes and claims of settlers and others against the United States and between each other arising from incomplete or faulty surveys in township 19 south, range 26 east, and in sections 7, 8, 17, 18, 19, 30, 31, township 19 south, range 27 east, Tallahassee meridian, Lake County, in the State of Florida, which was referred to the Committee on Public Lands and Surveys and ordered to be printed.

AMENDMENTS TO AGRICULTURAL APPROPRIATION BILL

Mr. RANDELL submitted amendments intended to be proposed by him to House bill 11577, the Agricultural Department appropriation bill, which were referred to the Committee on Appropriations and ordered to be printed, as follows:

On page 21, line 9, strike out the figure "\$257,140" and insert in lieu thereof "\$282,140."

On page 21, line 14, strike out the period, insert a colon and add the following: "Provided further, That \$32,500 of the above amount may be used to enable the Secretary of Agriculture to conduct miscellaneous pathological investigations, especially of the cattle disease known as anaplasmosis."

INVESTIGATION OF FEDERAL FARM LOAN BUREAU AND SUBSIDIARIES

Mr. BLEASE submitted the following resolution (S. Res. 167), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Whereas the Federal Farm Loan Bureau and all subsidiaries thereof were designed, created, and are maintained to aid the farmers and promote the cause of agriculture; and

Whereas criminal prosecutions have been brought, at tremendous expense to the Government, wherein the testimony involved certain officials connected with the said bureau, and resulted in convictions; and

Whereas it is rumored that the affairs of the said bureau and the subsidiaries thereof have been badly mismanaged, and the Government has become heavily involved in the ownership of farms, and is losing considerable money by reason of gross irregularities and otherwise; and

Whereas there is much talk that certain officials thereof have become corrupted through nefarious contact with the fertilizer and other trusts, combines, and organizations, and are using the power and means at their disposal to coerce and exploit the farmers; and

Whereas the said conditions are oppressing and working hardships on the farmers and have called forth protests and complaints too numerous to enumerate; and

Whereas thereby the agricultural interests of this Nation are threatened with ruin: Now therefore be it

Resolved, That the President of the Senate be, and he is hereby, authorized and directed to appoint a committee to consist of five Members of the United States Senate; and that the said committee be, and the same is, hereby authorized and directed to make a full, complete, and thorough investigation of all the officials and into all the affairs of the Federal Farm Loan Bureau, the Federal Farm Loan Board, the Federal land and intermediate credit banks, and all branches, tributaries, and subsidiaries thereof in the several cities and districts in the United States.

Resolved further, That for the purposes of this resolution such committee or any duly authorized subcommittee thereof is authorized to hold public hearings; to sit and act at such times and places; to employ such experts, and clerical, stenographic, and other assistants; to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents; to administer such oaths and to take such testimony and to make such expenditures as it deems advisable. The cost of stenographic service to report such hearings shall not be in excess of 25 cents per hundred words; and the expenses of such committee or subcommittee shall not exceed \$— and shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of such committee or subcommittee. And such committee shall make a final report to the Senate as to its findings and recommendations at the beginning of the second regular session of the Seventieth Congress.

ADDRESS BY SENATOR TYSON

Mr. SHEPPARD. Mr. President, I submit for publication in the RECORD an address on "Americanization and immigration" which was delivered by the Senator from Tennessee [Mr. TYSON] at Philadelphia, on February 18, 1928, at a banquet of Veterans of Foreign Wars.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

AMERICANIZATION AND IMMIGRATION

In the first place, I wish to thank you for the pleasure you give me in permitting me to be with you on this occasion and to speak under the auspices of this great and patriotic organization, whose services have been rendered, not only on the battle fields of our own country, but on those of the world as well; namely, the Veterans of Foreign Wars.

I have been asked to address you on Americanization, and I deem it most fitting to speak on such a subject in this great and historic old city.

Here 150 years ago the old Liberty Bell pealed forth the wonderful tidings to the world that a new and independent Nation, where all men were equal, had been born, and that the greatest of all instruments—the immortal Declaration of Independence—had been signed.

When we come to this old city, our minds are filled with thoughts of the past and of our early beginnings in colonial days.

Here we naturally ask ourselves, who and what is an American, and what does America stand for?

How has she charted her course in the past, and how shall she chart her course in the future in order that she may be worthy of those who have gone before, and that her citizens may reap the full destiny for which our ancestors fought and suffered and hoped that she might enjoy.

In order that we may get our bearings on Americanization, and that I may lay a foundation for what I propose to say, let me go back and remind you a little of that past and show you how fortunate America has been.

The foundations of America were laid strong and deep as bedrocks that which should endure. She owes much to the picked stock coming to this splendid and virgin land.

Practically all the first colonists along the Atlantic seaboard were of the same general type. They were English, Scotch, Irish, Swedish, Dutch, and German. They had no insuperable differences of race or traditions. There were few Frenchmen and few Spaniards. What

a different world we would be living in to-day if there had been a great proportion of Frenchmen and Spaniards to first people America.

Long before the year 1700 it was clear that the Atlantic seaboard of North America was to be settled by a population essentially one in blood and outlook and welded into an embryonic unity by the predominance of English-speaking institutions and ideals.

America was from the very outset saturated with Anglo-Saxon civilization. It has been said of the early colonists of America that "God sifted the nations that he might send choice grain into the wilderness."

Only the rationally fit usually came to America as immigrants, and the few outside who did come were soon weeded out by the exacting requirements of the early American life.

Have you thought of the fact that nearly three-fourths of the *Mayflower* Pilgrims who landed at Plymouth, Mass., were under the sod before the first year was over?

Have you thought of the fact that in Jamestown, Va., out of 900 persons landing in 1607 but 150 remained at the end of three years?

Think of the courage, the determination, and the will required to come to such a land and to live here!

When we consider what we are to-day we must realize that America's human foundation had indeed been laid solidly and well.

From the Revolution until well into the middle of the nineteenth century but few newcomers landed in America. The peopling of America clear across the continent to the Pacific coast was done almost exclusively by the colonial stock, which thus became the vital basis of nearly every part of the United States.

At the outbreak of the Revolution there were about 2,000,000 of white people of the colonial stock and 500,000 negroes in our Colonies.

That 2,000,000 of white colonial stock has increased from 1775 to almost 50,000,000 at the present day. In other words, the old colonial stock represents nearly one-half of all the white blood in present-day America.

These colonial Americans were steeped in a common culture and tradition. They were governed by the same basic laws and institutions and they acknowledged undivided allegiance and common loyalty.

We think but little of the great period of time that America was a colony. From the first settlements at Jamestown in 1607 to the Declaration of Independence in 1776 more time elapsed than has passed during all the time America has been a Nation.

In other words, her colonial history was longer than the history of the Independence of the United States, and that long colonial period and the effect it had upon the people of America must never be forgotten.

It is the basic fact in American history and the foundation stone upon which our liberty and the character of our people and our future as a Nation rests.

During all these 169 years of colonial history the trend of the American people was towards unity; toward American independence.

After the winning of the Revolutionary War, unified America soon came.

The only question was then, and is to this day, what sort of America was it and is it to be? And that is one of the great questions which we have to consider now.

When we think that to-day there are estimated to be 117,000,000 inhabitants in the United States of America and only 50,000,000 of these are descended from colonial stock it behooves us to investigate and see why we have this great population which has peopled our country.

Our vast population to-day is due largely to immigration and to the idealistic notions which were adopted at the beginning of our national life.

America was a vast continent and at first it made little difference what man thought about immigration because there were almost no immigrants. For nearly a generation after the Revolution there was practically no immigration, and not until half a century had passed did the number of immigrants swell to notable proportions.

But when immigration did become not only a vast human tide, but one composed of men strange in blood and equally strange in outlook and culture, America's acquired ideals prevented a clear-sighted understanding of immigration's full significance.

In the early days the popular idea was that America was a refuge for the oppressed of all nations. For 100 years we welcomed every immigrant and thought to mold them into good Americans, whatever their origin, condition, or antecedents, and thus we took no account of the vast number of immigrants which were filling up America.

To exclude anyone was considered un-American. Not until our own days did the ugly facts of mass alienage and aggressive hyphenism awake the American people to the grim fact that our basic ideals, our culture, our very nationhood itself were imperiled and that a long and crucial period of reconstruction lay before us.

The first half of the nineteenth century may be said to be the "springtime of American national life and the welding of our population into a real American people."

It was most fortunate for the stability of American national life that no large immigration arrived during the first formative period. If hosts of aliens had during this time pushed westward and established

themselves as the first settlers, these might have been solid blocks impervious to American civilization, and they might have made it impossible for our country ever to be a real nation.

Those who are now in favor of restricted immigration are criticized severely by this vast population who have come to our shores in the last 60 years.

They seem to feel that their right to come here should not be denied by those who won this vast and wonderful country, who made it an independent nation, and made it possible for these oppressed of the other nations of the world to come to this, the greatest and most prosperous country of the world, where man had freedom and equality and liberty and the opportunity to amass property and become independent.

Let me recount briefly the reasons why the pioneers and those who were descended from them should have the paramount right to this country.

The almost incredible hardships and dangers suffered by the early pioneers, together with the indomitable spirit which surrounded and immortalized them, could be shown by a thousand examples of heroism and dauntless courage, which is best typified by the stern figure of such men as Daniel Boone, a native of Pennsylvania and the hero of Kentucky, and an outstanding example of the pioneer breed.

I will give you an example which occurred in my own State of Tennessee. Let us consider that heroic band of 380 persons who trekked from North Carolina about 1785 over the mountains 500 miles to the site of Nashville, Tenn.

In those days Tennessee, like Kentucky, was the "dark and bloody ground."

Within a year after their arrival hardships and the Indians had reduced their numbers to 134 persons, while after another six months only 70 remained alive. Their situation being apparently hopeless, a ballot was suggested to determine whether to take the desperate chance of staying or to go back home. Not one voted to return.

That was the spirit the pioneer breed displayed generation after generation as the frontiersmen pushed west, west, ever west, beating back the fierce and savage foe, and hewing their way through the trackless forest or floating down the rivers on the rafts to the Mississippi; crossing the great trans-Mississippi prairies and the vast desert plains to the foot of the Rockies; scaling the great wall of the Rockies and descending the Pacific slope, until the waves of the western ocean set bounds to their epic progress and bore witness that continental America had at last been wholly won.

After this great empire had been won by the pioneers and the Civil War had been concluded, the Nation was finally placed upon a firm and solid foundation; then began that great tide of immigration to our country to take advantage of this wonderful land which had been conquered by these pioneers and those who came after them, all ready, without any effort on the part of those immigrants, to be enjoyed to the full measure.

Who can justly say that these immigrants coming to this prosperous and prepared land, after 100 years of struggle and blood by our pioneers, shall be entitled to more consideration than those who had prepared it for them?

Ah, my friends, this subject of immigration is so wide in its scope, so tremendous in its consequences!

It is the most important subject, perhaps, now affecting the citizenship and the future of our great Nation and has been so for many, many years.

Unfortunately, until a short time ago our country did not realize the tremendous abyss toward which she was moving. She did not realize the alarming situation that was brought about by the vast number of immigrants which were coming to our country.

It is true that our Constitution has vested in Congress the power to regulate and control immigration, but our people did not heed, and our first realizing sense of the great danger of immigration was the Chinese question and the restriction of Chinese immigration as far back as 1882.

One of the first speeches which I ever made was in favor of the restriction of Chinese immigration. From that day to this I have been fully alive to the great danger to our country of permitting alien hordes to come in without limitation.

Neither time nor space will permit me to go into detail regarding the vast numbers of aliens which came to our country from the Civil War down to this good hour, when more than a million a year were brought in for many, many years.

But suffice it to say that to-day we have in this country 117,000,000 of people, and 14,000,000 of these are foreign born, and 21,000,000 more are of foreign parentage.

Notwithstanding the fact that we have passed laws restricting immigration, we are receiving into our country more than one-half a million each year, and it is possible and believed by good authorities that as many more are perhaps being smuggled in illegally.

For the fiscal year ending June 30, 1927, 538,000 aliens legally entered the United States.

For a long time we assumed that America could absorb every immigrant that could come to this country. We felt we were the melting

pot where every immigrant could within a short time be Americanized and that our ideas of liberty and freedom would be adopted by the oppressed of every nation of the world who came to us. We had no thought of the day when this should become such a menace that there should be restriction of immigration.

The first act which had the effect of limiting immigration at all was the test act of 1917, but this act only retarded slightly the great influx of foreign hordes.

Finally the great World War came on and immigration was for the time being stopped. This war was the greatest scourge that ever visited the world, but out of its darkness and despair much good has come. This war forced upon us the consideration of the essentials of life. As individuals we were forced to consider the meaning of our lives and our duty to our country. It opened our eyes to the dangers of immigration and the failure and insufficiency of the melting pot.

As citizens of our country we were forced to examine the nature of our country, its origin, its ideals, and its destiny. The present knocked imperatively and sounded the depths of our past. Our ancestral origins called to us and thoughtful America hearkened to the voice of the past.

The new aliens who had no past in our country naturally hearkened to their own past. The war made us all race conscious as we had never been before.

In Europe men ceased to be socialists and became Germans, Frenchmen, Belgians, Italians. And this continues since the war.

To-day great numbers of Americans feel that a certain degree of racial unity is necessary to a nation. We have now realized the necessity, not only of limiting the numbers of immigrants who come here but we have determined to limit the numbers on the basis of their racial origins.

In 1917, 1918, and 1919 but little immigration came to our country. But in 1920 our immigration from Europe was 246,295, and 64 per cent of that came from southern and eastern Europe. A great flood of immigration was feared for 1921.

In this year of 1921, three years after the war had closed, we realized as we had never realized before that unless some prompt efforts were made to restrict immigration in our country, owing to the conditions in Europe, we would be flooded with a horde of immigrants such as had never occurred before. Therefore, for the first time, we passed a general exclusion bill limiting the numbers who might come here to definite quotas.

But this act was found inadequate to cope with the situation, and on May 26, 1924, Congress passed another act, known as the Johnson Immigration Act.

I wish to call your attention to the fact that I believe this Johnson Immigration Act is one of the most important pieces of legislation ever passed in this country, and possibly will have, ultimately, as much if not more influence on the future of our country than any other piece of legislation since the adoption of the Constitution of the United States.

The passage of this bill marks the end of an epoch and the beginning of a newer and truer one—an epoch dominated by the opinion that a nation can not be formed through and by a melting pot—that a nation is the product of a united racial stock, and that it is formed slowly and not by magic.

My belief, when we view all the surroundings of our country, is that restriction is our first paramount necessity if we are to keep a sufficient portion of our population homogeneous enough to maintain our nationality.

Nations come by slow growth and long travail. They depend on like-mindedness, and if the United States becomes a hodge-podge of a score of races, no one of which is dominant, it will lose its unity and become only a geographical expression.

Our social and national unity are threatened by the heterogeneous character of our population, and as patriotic men and women of America we must stop this great peril.

We have some very good laws on the statute books to-day in regard to immigration and the duty now of our patriotic citizens is to stand fast and maintain and enforce them.

I do not wish to be understood as being opposed in any sense to our foreign-born population, or in any sense criticizing them or claiming that any large number of those who have come as immigrants to this country in the last 50 years are inferior to those who were here before.

But I believe the proper policy to pursue is to educate and teach every man, woman, and child in America to be a good American. And to assume and acknowledge that all who are in this country to-day, who obey the law, are good citizens from whatever land they may have come and wherever they were born.

As true and loyal citizens of America they are entitled to every consideration and right that any other American citizen is entitled to.

But let us all realize whether we are native-born or foreign-born that the time has come when our country is becoming so filled with people that there is no need for any further immigration, and so far as I am concerned, in the interest of my country and of all who are

here now claiming the rights of America, I am ready to shut the door to every immigrant who may want to come to this country from any source whatever, except a few who may come under the strictest restrictions and the most limited quotas.

We have to-day enough Americans to take care of America and our first consideration and duty is to preserve America for Americans, not only for to-day, but for all time to come.

It should be as much the pleasure and duty of those who have come as immigrants to realize the necessity and value of preserving America for themselves and their posterity as it is for us whose ancestors helped to win America in the beginning, and to make it possible for these immigrants to come and enjoy this wonderful land with us.

This is said with malice to none and with charity for all.

The world is being peopled at such a terrific rate to-day that in 100 years from now America will be so full of people that we may not be able to support ourselves and we may have to call upon foreign nations for our food supply.

It has been estimated that 150,000 people are born into the world every day, and that 100,000 die every day, leaving 50,000 more births than deaths. This would increase the population of the world at the rate of something over one and one-half billions of people per year. Europe is now full to overflowing, having 400,000,000 people, and she looks to America with longing eyes. She can support but few more.

It has been estimated that America can not support conveniently and satisfactorily, and with the same standard of living we have to-day, more than 250,000,000 of people, and in 75 years from to-day, and, perhaps, even sooner, we will find that number in America.

One of the greatest problems of the world to-day is the necessity for the restriction of population, and let not America be caught in the maelstrom of a great increase in her own population, and at the same time be the refuge for the overpopulation of the other nations of the earth.

America has done her part in taking care of the surplus population of the earth.

Self-preservation is the first law of nature, and we owe it to ourselves to preserve America for the posterity of those who are here now.

The problems of assimilation and reconstruction are many. The closing of the gates to mass immigration is only a first step. Political and cultural dissensions must be harmonized.

The courage of the American people is high, their hearts are sound, their eyes are open to the need of the times. With knowledge and vision let us have faith that we shall overcome our present difficulties and shall continue to tread that upward path toward a greater and a better America.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed the bill (S. 2317) continuing for one year the powers and authority of the Federal Radio Commission under the radio act of 1927, and for other purposes, with amendments, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H. R. 66. An act authorizing B. L. Hendrix, G. C. Trammel, and C. S. Miller, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Ohio River at or near Mound City, Ill.;

H. R. 6073. An act authorizing E. M. Elliott, of Chicago, his heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Ohio River at or near Ravenswood, W. Va.;

H. R. 7183. An act authorizing C. J. Abbott, his heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Ohio River at or near Golconda, Ill.;

H. R. 7921. An act authorizing A. Robbins, of Hickman, Ky., his heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near Hickman, Fulton County, Ky.

RADIO REGULATION

Mr. DILL. Mr. President, I would like to say a few words about the amendment placed on the radio bill by the House of Representatives. It is an attempt to bring about equality of radio service to the people of all sections of the country by a method which I think is not practicable as provided in the amendment. For that reason I shall ask that the bill be sent to conference.

This amendment results from the fact that the Radio Commission has disregarded the equitable service provision in the present law. They allocated to the 13 big stations in the country located in the northeastern part of the United States 214,000 watts of broadcasting power, which is 35 per cent of all that was given in the United States, and the other 672 stations

have the remaining 65 per cent. They allowed 213,000 watts of power in the first zone as against 41,000 in the third zone and 61,000 in the fifth zone.

In the commercial field they allowed the Radio Corporation of America and its affiliated stations 175 wave lengths, practically one-half of those which are used for commercial purposes, with 4,415,000 watts of power, almost seven times the entire amount of power used by all the stations in the commercial field.

Competitors applying for wave lengths in this field have been held up. I mention this to show the reason why the House has taken such drastic action as they have in the form of the amendment that has been placed in the bill. I believe there is reason for some legislation to correct the situation, but I feel that the measure passed by the House should be modified in conference, if possible, and I shall ask that conferees be appointed as soon as possible.

Mr. SMITH. Mr. President, I did not hear the Senator from Washington make his opening statement. Who is responsible for the allocation to which he has just referred?

Mr. DILL. The present Radio Commission is responsible for it.

Mr. BROUSSARD. Mr. President, let me ask the Senator for how long a period are the commercial licenses issued?

Mr. DILL. Commercial licenses are issued for not more than one year and broadcasting licenses for not more than 60 days.

Mr. BROUSSARD. Was there not an increase in the allocation of power in the case of one of the zones very recently?

Mr. DILL. The power allotted to some of the zones has been increased since the commission took charge.

Mr. BROUSSARD. Was that due to a new member of the commission?

Mr. DILL. It was due to a member who has been on the commission looking after the increased power for certain stations.

Mr. McKELLAR. Mr. President, will the Senator from Washington yield to me?

Mr. DILL. Yes.

Mr. McKELLAR. The Senator from Washington speaks of the measure adopted by the House seeking to equalize the distribution of power throughout the country as being "drastic," and suggests that it ought to be modified. I want to say to the Senator that I do not agree with him at all. I think the House provision simply guarantees the right of the whole country to such power, and I hope that the Senate conferees will agree to the House provision.

Mr. DILL. Mr. President, I wish to say to the Senator from Tennessee that the objection to the House provision, as I see it, is that it attempts to bring radio service equally to all the people of the United States by dividing or distributing equally the transmitters or broadcasting stations. That is not a practicable method because of the many factors that enter into radio reception, but the purpose of the House to give everybody equality of radio reception is most praiseworthy, and was the intent of Congress when it passed the law. That intent, however, has been disregarded by the Radio Commission, and I want to say to the Senator that I believe we can reach the same result without a provision that will necessarily close many stations or will necessarily shut down certain stations with high power that ought not to be put out of commission at this time.

Mr. McKELLAR. Mr. President, I am inclined to disagree with the Senator from Washington about that, and I hope he will study this provision of the House very carefully before he undertakes to modify it.

Mr. DILL. I shall do that.

Mr. HEFLIN. Mr. President, in connection with what the Senator from Washington [Mr. DILL] has stated I trust that we may amend the measure to which he has referred.

Mr. NORRIS. Mr. President—

Mr. HEFLIN. Just one minute. I think it ought to be amended so that the sections of the country that are now being discriminated against under the present radio law may be accorded adequate relief. The South is being woefully discriminated against, Alabama in particular, and I am ready to join with other Senators to make the law, as we intended it should be in the outset, fair to all the States.

Mr. NORRIS. Mr. President, it is quite evident that there is going to be considerable discussion of the radio measure. I desire to say to the Senator from Washington [Mr. DILL] that I would not, of course, if the matter could be disposed of without any difficulty object to that, but I repeat, it is evident there is going to be considerable discussion on it.

Mr. DILL. I have no desire to discuss the question further at this time.

Mr. ROBINSON of Arkansas. I do not think there will be any further discussion. The Senator from Washington is merely going to ask later for the appointment of conferees.

Mr. NORRIS. Very well.

Mr. DILL subsequently said: Mr. President, I ask the Chair to lay before the Senate the message received from the House of Representatives on the radio bill, Senate bill 2317, for the purpose of disagreeing to the House amendments, asking the House for a conference, and having the Chair appoint conferees on the part of the Senate. It will lead to no debate.

The PRESIDING OFFICER (Mr. STEIWER in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 2317) continuing for one year the powers and authority of the Federal Radio Commission under the radio act of 1927, and for other purposes, which were, on page 2, line 7, to strike out "six" and insert "three"; on page 2, line 8, to strike out "one year" and insert "six months"; and on page 2, to strike out lines 9 to 13, inclusive, and insert:

SEC. 4. The second paragraph of section 9 of the radio act of 1927 is amended to read as follows:

"The licensing authority shall make an equal allocation to each of the five zones established in section 2 of this act of broadcasting licenses, of wave lengths, and of station power; and within each zone shall make a fair and equitable allocation among the different States, including the District of Columbia, and the Territories and possessions thereof in proportion to population."

Mr. MAYFIELD. Mr. President, I want to say that I am in favor of the amendment that the House adopted to the Senate radio measure. This amendment, proposed by Representative DAVIS, of Tennessee, directs the Radio Commission to allocate wave lengths to the various States according to the population of those States. I think that is the basis upon which the allocation ought to be made. When one station in New York is being given more watts than all of the Southern States combined, it occurs to me that it is high time for the Congress to adopt some kind of legislation that will direct the Radio Commission to make a fair and just and equitable division of the air which God Almighty has given us.

Of course, if the Senator from Washington has an agreement with the leaders of the Senate to send this measure to a conference committee, I shall not interpose an objection; but I should like very much, indeed, to see the Senate vote straight-out on the adoption or the rejection of the Davis amendment.

Mr. HEFLIN. Mr. President, if the Senator from Washington will permit me, I suggest to him that he can move to instruct the conferees to agree to the House amendments.

Mr. DILL. No; I do not want to do that, for if I do I will have to withdraw the matter, because I promised not to interfere with the consideration of the Muscle Shoals measure. I want to say to the Senator from Texas that I am in full sympathy with the purpose of the House, and if we can not get a satisfactory agreement with the House conferees we will bring the matter back to the Senate for a vote.

Mr. MAYFIELD. That is satisfactory to me.

Mr. DILL. If we can get an agreement with them on language that will be satisfactory, that will reach their purpose, we will bring that back instead.

Mr. MAYFIELD. That is satisfactory to me.

Mr. DILL. I move that the Senate disagree to the amendments of the House, ask the House for a conference on the bill and amendments, and that the Chair appoint the conferees on the part of the Senate.

Mr. McMASTER. Mr. President, what is the motion, please?

The PRESIDING OFFICER. That the Senate disagree to the House amendments and ask for a conference on the bill and amendments.

Mr. McMASTER. Should there not be more Senators in the Chamber before that motion is made? I think there will be a good deal of discussion about that.

Mr. HEFLIN. If the Senator will permit me, the Senator from Washington has just stated that if he could get the matter referred to conference in the shape it is in, and if the conferees did not agree to a proposition that would be satisfactory to us, he would bring it back in its present form.

Mr. DILL. No; I said satisfactory to the House conferees, who, of course, will carry out the purpose of the House. I may say to the Senator that I think the language is of such a nature that it is not workable, nor will it bring about the result the House desired; but I believe a conference will enable us to agree on language that will be satisfactory to the House and the Senate.

Mr. McMASTER. As I understand the situation, according to the Senator from Washington, the inequality of distribution

of power at the present time is not due to the law but is due to the commission.

Mr. DILL. There is some doubt as to the meaning of the law. It is ambiguous, and we hope to clarify the language by amending it.

Mr. McMASTER. Will clarifying the language of the law bring about a more equal distribution of this power?

Mr. DILL. We will have a chance to pass on the radio commissioners in a few days, also, I will say to the Senator; and clarifying the language under this amendment is intended to do that very thing.

Mr. McMASTER. Mr. President, I desire to say that the conditions in the Middle West are unbearable so far as the radio situation is concerned. There are hundreds and hundreds of square miles of territory which have splendid radio stations, and in any of that territory they are not permitted to listen to radio after 6 o'clock in the evening excepting chain stations. Surely something must be done to remedy that situation.

The PRESIDING OFFICER. The question is on the motion of the Senator from Washington.

The motion was agreed to; and the Presiding Officer appointed Mr. WATSON, Mr. COUZENS, Mr. FESS, Mr. PITTMAN, and Mr. DILL conferees on the part of the Senate.

MUSCLE SHOALS

The Senate, as in Committee of the Whole, resumed the consideration of the joint resolution (S. J. Res. 46) providing for the completion of Dam No. 2 and the steam plant at nitrate plant No. 2 in the vicinity of Muscle Shoals for the manufacture and distribution of fertilizer, and for other purposes.

The VICE PRESIDENT. The pending question is on the amendment submitted by the Senator from Nebraska [Mr. NORRIS].

Mr. BLACK. I send to the desk an amendment to the joint resolution.

The VICE PRESIDENT. Is it an amendment to the amendment?

Mr. BLACK. It is an amendment to the joint resolution as printed up to date.

The VICE PRESIDENT. The amendment submitted by the Senator from Alabama will lie on the table for the present.

The question is on agreeing to the amendment of the Senator from Nebraska [Mr. NORRIS].

Mr. KING. Let the amendment be read, Mr. President.

The VICE PRESIDENT. The amendment will be read.

The CHIEF CLERK. On page 3, at the end of section 4, the Senator from Nebraska proposes to insert the following proviso:

Provided, That if any State, county, municipality, or other public or cooperative organization of citizens or farmers, not organized or doing business for profit, but for the purpose of supplying electricity to its own citizens or members, or any two or more of such municipalities, or organizations, shall construct or agree to construct a transmission line to Muscle Shoals, the Secretary of War is hereby authorized and directed to contract with such State, county, municipality, or other organization, or two or more of them, for the sale of electricity for a term not exceeding 15 years, and in any such case the Secretary of War shall give to such State, county, municipality, or other organization ample time to fully comply with any local law now in existence or hereafter enacted providing for the necessary legal authority for such State, county, municipality, or other organization to contract with the Secretary of War for such electricity: And provided further, That any surplus power not so sold as above provided to States, counties, municipalities, or other said organizations, before the Secretary of War shall sell the same to any person or corporation engaged in the distribution and resale of electricity for profit, he shall require said person or corporation to agree that any resale of such electric power by said person or corporation shall be sold to the ultimate consumer of such electric power at a price that shall not exceed an amount fixed as reasonable, just, and fair by the Federal Power Commission; and in case of any such sale if an amount is charged the ultimate consumer which is in excess of the price so deemed to be just, reasonable, and fair by the Federal Power Commission, the contract for such sale between the Secretary of War and such distributor of electricity shall be declared null and void and the same shall be canceled by the Secretary of War.

Mr. KING. Mr. President, I desire to ask the Senator from Nebraska [Mr. NORRIS] a question. Is it his intention by this amendment as well as by the provisions of the joint resolution that the Government in the development and distribution of power shall be free from any State control or from the operation of State laws or regulations which may be promulgated by utilities commissions pursuant to State statutes? Is it the intention or understanding of the Senator that the agency created by the pending joint resolution or any agencies operating under it shall ignore constitutional provisions of any State

which provide that navigable streams and power development thereon shall be subject to State and to regulation of State instrumentalities that may be created pursuant to State constitutions and State laws?

Mr. NORRIS. Has the Senator finished his question?

Mr. KING. It is a long question, but I shall be glad if the Senator cares to submit his views upon the same.

Mr. NORRIS. It is rather long. I will say to the Senator—and I think my statement will be in answer to his question—that, in my judgment, the Federal Government will not be subject to State law. It is the real intention of the amendment, if possible, to make it ever unnecessary for the Secretary of War to build a transmission line, for instance. He has that authority under other provisions, but the amendment offers an inducement to municipalities, and so forth, to build transmission lines by giving the Secretary of War the right to make contracts with them for 15 years instead of 10.

There are two other things that are sought to be accomplished by the amendment. One is to permit farm associations to organize under State law for the purpose of buying electricity from the Secretary of War for their members, and to permit them to build transmission lines, and, if they shall build transmission lines, to enter into contracts for 15 years. It directs the Secretary of War, when a municipality or a farm organization, in order to secure electricity for the citizens of the municipality or for the members of the farm organization, starts out to organize under a State law now existing or hereinafter enacted, to give them ample time to permit them to perfect their organization under the State law.

The other thing that is involved in this amendment is in case the current is not sold to municipalities and farm organizations, but it is sold to distributing companies, such as the Alabama Power Co., for instance, the Secretary of War, in order to give the consumers, the customers of the distributing company, the benefit of a reduction in price by virtue of the sale of the current by the Secretary of War, he shall require as part of the contract that for such electricity the distributing company shall not charge the ultimate consumer a price that is in excess of a price said to be fair, just, and reasonable by the Federal Power Commission.

Does that answer the Senator's question?

Mr. KING. If I understand the Senator, I think he has answered my question. At any rate, I understand his position to be that the Government shall proceed immediately to the completion of the Muscle Shoals project. That the project shall be devoted primarily, if not entirely, to the production of hydroelectric power, which is to be sold and distributed by the Government to private persons, corporations, and municipalities. The Senator's position, now, is what I have understood it to have been from the time debate upon the resolution before us began. The Senator for years has been insisting that Muscle Shoals be devoted to the production of power. He has been an advocate of the Government going into the power business. I recall many speeches made by the Senator in which he has pointed out the advantages that would result from the Government building and operating power plants and supplying the people and industry with hydroelectric energy. He has often called attention to the rates charged in the Province of Ontario, Canada, and he has insisted that following Ontario's example we could have cheaper power in the United States if the Government should furnish power to the people.

The position of the Senator and some who advocate the resolution before us is that navigable streams do not belong to the States, or at least that the Federal Government may enter upon navigable streams, construct dams, erect electric-light plants, generate power, construct transmission lines, and distribute and sell the power to the people. That in all activities in connection with the production and distribution of power the Government is immune from State constitutions, State laws and regulations, and the control by State public utilities commissions. In other words, if I understand their position, the Federal Government is not limited to the performance of purely governmental and national functions, but it may engage in business, though in so doing it invades the field occupied by private enterprise and competes with persons engaged in private business. It would seem under this view that the Federal Government carries its national powers and national sovereignty into business activities and that it may disregard States and State lines and engage in any or all of the activities that appertain to private enterprise, and in so doing it may escape State laws and regulations and taxation. It becomes more than an imperium in imperio; it becomes a supersovereignty in a sovereign State, the latter being helpless against its activities, whether they relate to proper governmental functions or to

matters and activities within the authority of States or their political subdivisions.

Mr. SIMMONS. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from North Carolina?

Mr. KING. I yield.

Mr. SIMMONS. I should like to have the opinion of the Senator upon this suggestion: If a community, desiring current from Muscle Shoals, should erect its own transmission line to the point of distribution by the Government, the line, of course, being within the boundaries of the State, why would not the State have jurisdiction over that line? The power is bought from the Government, just as I might buy a suit of clothes from the tailor; the Government delivers the power to the transmission line and it is carried over that line, which is owned by the community. Why, under those circumstances, should the Government have anything to do with the control of the line owned by the people in the particular State?

Mr. KING. Mr. President, either I misapprehend the Senator or he misapprehends me. I am contending for the rights of the States; I am contending that the States shall have the right to exercise their sovereign powers and that the Federal Government, when it ceases to be a sovereign and engages in private business, must submit to the police powers and the rightful authority of the States.

Mr. SIMMONS. That is what I am contending for.

Mr. KING. Then the Senator and I are in accord.

Mr. SIMMONS. But I am taking the position, if the Senator will pardon me, that the fact that a community or other organization owns the line and the line runs to the power distributing point, where the current is delivered to it, does not divest the State at all of its control of that line.

Mr. KING. As I understand the Senator from North Carolina, his position is that if the Government generates power and individuals or municipalities take the same from the source where it is produced and carry it into adjoining States, distributing and using the same themselves, they are subject to the laws and regulations of the States into which they took the power for distribution. I think his position is sound. But the question before us is more far-reaching and of greater gravity than is indicated by the illustration submitted by the Senator. The Senator from Nebraska desires to have the Government build dams, produce power, construct distributing systems, and sell and dispose of the power. He believes, if I understand him correctly, that the Government by so doing will supply the power to the people cheaper than private power corporations. The Senator's position, if I understood him, is that there is a Power Trust or at least corporations controlling the power plants and the power distributing system of the United States, and that the rates charged are inordinately high and in some cases extortionate, and therefore we should have the Government supply electricity to the people.

There are many sincere persons who believe that the Government should take over the streams of the United States, erect dams and build power plants and supply electric energy to industry and to the people of the United States. They do not recognize the dual form of government under which we live. They do not perceive that the States are republics and sovereign and within their sphere have supreme authority; that the Federal Government has limited authority and may not go beyond the powers granted it by the States. There are others who distort and stretch the interstate commerce clause of the Constitution and justify the National Government in undertaking not only governmental duties and responsibilities but activities which belong exclusively within the field of private business. The Federal Government, when it exercises the right of a proprietor or business enterprise, ceases to be sovereign, and becomes subject to the same laws and regulations as corporations or individuals engaged in like enterprises.

Navigable streams do not belong to the Federal Government; it does not own the waters therein or the banks and beds thereof. The States own the banks and beds of navigable streams, holding them in trust for the use of their inhabitants. The States may establish or recognize the riparian doctrine or they may abolish it, as many of the Western States have, and establish the law of appropriation.

The Federal Government can not, constitutionally, enter the State of Alabama and take over the Tennessee River, flowing within the State, and control its waters and banks and beds as if it were an owner and proprietor of the same. If it builds power plants and distribution plants it must do so under the constitution and laws of the State of Alabama and subject to all lawful and proper regulations which that State may provide.

If the Federal Government could enter the States and engage in business in competition with corporations and individuals,

the latter being subject to State laws and regulations and to the payment of taxes, the Federal Government could destroy those with whom it was in competition. The Federal Government can not go into Alabama or into any other State and erect power plants and distributing systems and engage in the sale and distribution of generated power without being subject to the same laws and regulations as are applied to corporations or individuals engaged in like pursuits. The Government would be compelled to pay taxes and licenses and be subject to utilities commissions in the same manner as individuals and corporations engaged in the same character of business. The Government may acquire land within a State for purely national purposes and in so doing is not subject to taxation upon the property acquired. It has been held that it may acquire national cemeteries to care for those who gave their lives in defense of the Union. It may acquire land upon which to erect factories to manufacture guns and war supplies. I repeat, in its national activities it has powers and authority denied it when it is engaged in business pursuits commercial in character.

In an early decision of the Supreme Court of the United States, which was an Alabama case, it was declared by the Supreme Court that the "shores of navigable waters and the soils under them were not granted by the Constitution to the United States but were reserved to the States, respectively." The States hold the absolute right to all their navigable waters and to the soils under them for their own common use, subject only to the power of Congress to prevent interference with navigation. If a corporation or individual desires to construct a dam in the Tennessee River in Alabama for the development of electric power, State permission must be obtained and the State laws observed. The State may derive revenue from the enterprise, taxing the building or dam or transmission lines or imposing a license upon the power produced. The Federal Government, if it become a proprietor and enters the State must conform to the laws of the State and be subject to the same limitations, taxes, fees, and so forth, as are imposed upon private corporations or individuals engaging in like enterprises. The same doctrine announced in the Alabama case was reaffirmed in the recent case of *Kansas v. Colorado*, 206 United States. A controversy arose between the two States with respect to water flowing in the Arkansas River. The Government of the United States attempted to interfere, contending that it had an interest in the river and in the water thereof. The Supreme Court denied this right to intervene.

I am contending, Mr. President, for the rights of the States to control their own domestic affairs and am opposing the proposition that the Federal Government may take over the navigable streams and use them as it sees fit for manufacturing or for power purposes, regardless of the constitutions or laws of sovereign States. I concede, of course, as I have indicated, that the Government may acquire land for national purposes. It may not take it, however, without just compensation, and it must be for a public use; that is, a national use. It is a serious question whether the Federal Government may go into a State and expropriate land for the purpose of operating stores in competition with merchants or erecting shoe factories to manufacture shoes to be put into the channels of trade and commerce. Certainly if it does acquire property for such purposes it holds it as any private person or corporation would hold property and subject to the same regulations and the same taxes as property used for similar purposes by private persons.

If the Federal Government, with the consent of the State, desires to erect a plant upon the Tennessee River in Alabama for the manufacture of powder and other munitions needed by the Government, then exercising its sovereign power it may do so. But if the Government goes into the State of Alabama and builds dams and plants and transmission lines and sells power to the public, then it must submit to the laws of Alabama and be subject to the regulations and rules applied to corporations and individuals who may engage in the production and sale of electric energy.

Mr. HARRISON. Mr. President, we are approaching the end of the consideration of this question.

This is the greatest advance toward Government ownership and operation, not only of the generation and transmission and sale of power but of the making of fertilizer, that has ever been before the Congress of the United States.

We have, by our votes against amendments, expressed the will of the Senate, if our action truly expresses the will of the Senate, that all preference shall be given to municipalities in the building of transmission lines and in the distribution and sale of power. Indeed, we have gone beyond that and have given to the Secretary of War authority to sell power directly to individuals. Whether those individuals are engaged in some

public-service function or not, whether they are engaged in the manufacture of aluminum or otherwise, they can get the power. They are under no regulation of the State agencies. If that statement is contradicted, I want some one now to rise on the floor and tell me that it is erroneous. It is written in the very lines of the Norris proposition that the Secretary of War can sell this power to States, to counties, to municipalities, to partnerships, to corporations, and to individuals. I offered an amendment that the Senate did not see fit to accept to put municipalities upon the same basis as corporations and let them sell to corporations, but they were corporations that were regulated by the public agencies of the States.

Yesterday, through the adoption of two amendments touching fertilizer, the Senate decided that the Government is going to experiment. I recall that three years ago the distinguished Senator from Washington [Mr. JONES] offered an amendment here to delay the consideration of the Muscle Shoals proposition for a year. It was voted down by the Senate. The Senate held, by a vote of 50 to 30, that we wanted no more experimentation, but we wanted some fertilizers to be made at Muscle Shoals, and that the surplus power should be distributed. That was the judgment of the Senate; but they have gone back upon that now, and we are to have some experiments not only at nitrate plant No. 2 under the cyanamide process, but we are to have experiments at nitrate plant No. 1 under the synthetic process or under what not. In the meanwhile a lease is going to be made to communities, to municipalities that may join in to build transmission lines for the sale of the power.

I submit, Mr. President, that after eight years and longer of delay in the solution of this question, the time has come for it to be solved. We admit our impotency when we fail to do it; and those on this side of the aisle or the other side who may think that there is some other day coming when we can consider fully this question again, and decide it finally, are dreaming a dream that will not come true.

The steering committee of the Republican Party have set aside this time—it was fine of you to have done it—for the consideration of this question. We have frittered away the time. The joint resolution that has been reported out of the committee has been shot to pieces. The Senator from Nebraska himself has accepted the amendment of the Senator from Tennessee. Another amendment has been offered by him. They have shot it to pieces. The joint resolution has not received from any committee the consideration that it deserves.

Mr. President, I propose to have a record vote on a substitute that I have offered that will settle this question. It will take away from it this Government ownership and operation that is written in every line of the proposal here. It is the Underwood proposal that was offered here in 1925. It was debated here for weeks, and finally the judgment of the Senate was, by a vote of 50 to 30, that it was a wise proposal. It was not adopted in its original state. There were innumerable amendments offered to it and accepted. I am glad the distinguished Senator from Tennessee [Mr. McKELLAR] is in the Chamber, because at that time he assailed that measure. He said that the fertilizer features of it were not strong enough. He offered an amendment and that amendment was incorporated in the bill. It is here now in this proposal without the change of a word.

What is that proposal? It is as follows:

Since the production and manufacture of commercial fertilizers is the largest consumer of fixed nitrogen in time of peace, and its manufacture, sale, and distribution to farmers and other users, at fair prices and without excessive profits, in large quantities throughout the country is only second in importance to the national defense in time of war, the production of fixed nitrogen as provided for in this act shall be used, when not required for national defense, in the manufacture of commercial fertilizers. In order that the experiments heretofore ordered made may have a practical demonstration—

Says Senator McKELLAR—

and to carry out the purposes of this act, the lessee or the corporation shall manufacture nitrogen and other commercial fertilizers, mixed or unmixed, and with or without filler, according to demand, on the property hereinbefore enumerated, or at such other plant or plants near thereto as it may construct, using the most economic source of power available, with an annual production of these fertilizers that shall contain fixed nitrogen of at least 10,000 tons the third year, 20,000 tons the fourth year, 30,000 tons the fifth year, and 40,000 tons the sixth year: *Provided*, That if after due tests, and the practical demonstration of six years herein provided for, it is demonstrated to the satisfaction of the lessee or the corporation that nitrates can not be manufactured by it without loss, the lessee or the corporation shall cease such manufacture and shall report to the Congress all pertinent facts with respect to such costs with its recommendation for such action as the Congress may deem advisable.

Could you draw a stronger fertilizer provision than is incorporated in that? The Underwood provision first said, "Let us lease these properties. We can not settle the bids here." We had the Ford bid, and we could not agree upon it. We had the American Cyanamid Co. bid, and we could not agree upon it. We had the Associated Power Co.'s bid, and we could not agree upon it. Consequently, after deliberation, it was the judgment of the House and the Senate that a joint commission should be appointed to go out and advertise for bids, to see which was the best bid, and report their recommendation to the Senate and to the House.

Distinguished men were named on that joint commission. The Senator from Kentucky [Mr. SACKETT] and the Senator from Illinois [Mr. DENEEN] and the Senator from Alabama [Mr. HEFLIN] were on that joint commission from the Senate. They made their recommendation, but they got nowhere with it. Indeed, their recommendation was not even considered by the Senate.

We must delegate to somebody the authority to go ahead and make a lease and fix the terms. They are fixed here. We are to get 4 per cent upon the value of the dam and the auxiliaries to the dam there. We will get, under this plan, something like \$2,000,000 rental a year. We are receiving now for the power only about \$800,000 a year. If we can not lease it by September 1 of this year, the provisions of the Underwood proposal, which I have offered, are that the Government shall organize a corporation, go in there, and make fertilizer to the amount of 40,000 tons of fixed nitrogen annually.

Mr. President, that is the only way in which we are going to solve this big problem. We can experiment with nitrate plant No. 2 and nitrate plant No. 1; we can fight over the surplus power, but we must delegate to somebody this authority in order to settle this great problem.

I put it up to the Senate to exercise their judgment in this matter. Let us adopt this substitute, so that we will rid ourselves of the Muscle Shoals problem; and the American people will be protected under its provisions. It regulates the rates of the surplus power that is transmitted. It puts the matter, first, under the authority of the agencies of the various States. If there is no agency to regulate the rates, then it says that the Water Power Commission shall regulate them. There is not any provision in it that does not protect the rights of the American people. It will dispose of this great natural resource for 50 years under the lease; the farmers will obtain fertilizer and the American Government will be protected through the manufacture of nitrates in case of war.

Mr. McKELLAR. Before the Senator takes his seat I want to say this to him: He spoke of an amendment of mine being placed in the Underwood proposal. That is true. I felt it was my duty to make that proposal as good as I could get it, but if the Senator will look at the Record he will see that I voted against the Underwood proposal even though it contained an amendment which I had offered.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Nebraska [Mr. NORRIS].

On a division, the amendment was agreed to.

Mr. NORRIS. Now, I have another amendment I would like to offer. On page 2, line 9, of my print, the second line of section 2 of the bill reads as follows: "The Secretary of War is hereby empowered and authorized to sell the current," and so forth. After the word "the" and before the word "current" I move to insert the word "surplus."

Mr. McKELLAR. That is entirely satisfactory to me. I am glad the Senator is submitting the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. NORRIS. After the word "current," in the same line, I move to insert "not used in fertilizer operation and for operation of locks and other works."

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. NORRIS. I have another amendment which, in my judgment, is unnecessary, but several Senators think the measure ought to be explicit in this regard. It is to add a new section to the bill. I send it to the desk and ask that it be read.

The VICE PRESIDENT. The clerk will read.

The LEGISLATIVE CLERK. Add a new section, to read as follows:

The Government of the United States hereby reserves the right, in case of war, to take possession of all or any part of the property described or referred to in this act for the purpose of manufacturing explosives or for other war purposes; but, if this option is exercised by the Government, it shall pay the reasonable and fair damages that

may be suffered by any party whose contract for the purchase of current is thereby violated.

Mr. NORRIS. I think the amendment only states the law as it is, but I can see no objection to putting it in.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. NORRIS. There are some corrections I want made of mistakes. On page 2, line 15, after the word "and," where it reads, "from the 1st day of January, 1929; and," I move to insert the word "in," so that it will read, "and in the sale of such current by the Secretary," and so forth.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. NORRIS. In the next line, after the word "War," I move to insert the word "he," so that it will read, "and in the sale of such current by the Secretary of War he shall," and so forth.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. NORRIS. In the second line of section 3, which reads, "Government to distribute the current," after the word "the," and before the word "current," I move to insert the word "surplus."

The amendment was agreed to.

Mr. NORRIS. On page 3, in section 6, where it reads, "The Secretary of Agriculture is hereby authorized and directed within the limits of appropriations made by Congress from said fund," I move to strike out the word "said" and insert the word "the," and after the word "fund," to insert the words "hereinafter provided for," so that it will read, "appropriations made by Congress from the fund hereinafter provided for."

The amendment was agreed to.

Mr. NORRIS. On page 4, at the end of subsection (c), I move to strike out the word "and," as it appears at the end of line 10; on page 5, in section 7, I move to strike out next to the last word of the section the word "hereinbefore" and to insert the word "hereinafter."

The amendment was agreed to.

Mr. NORRIS. I ask unanimous consent that the sections be renumbered. We have by amendment placed some fertilizer sections at one end of the joint resolution and power sections at the other end. I ask that the sections be renumbered, placing the fertilizer sections first, to be followed by the other sections.

Mr. McKELLAR. Mr. President, has the Senator offered an amendment increasing the appropriation?

Mr. NORRIS. No; but I will do so. I am glad the Senator called my attention to that.

Mr. McKELLAR. As I understand it, the \$2,000,000 authorized provided for in section 11 is to be increased to \$6,000,000.

Mr. NORRIS. In section 11, where provision is made for an authorization of appropriation of \$2,000,000, I move to strike out "\$2,000,000" and insert "\$10,000,000." There will be an increase of expenditure made necessary by the adoption of the Caraway amendment.

Mr. KING. I understand the Senator is now asking to strike out the authorization for appropriation of \$2,000,000 for experimental purposes and moving to insert in lieu thereof \$10,000,000.

Mr. NORRIS. It is not entirely for experiment, but for purposes of the Secretary of Agriculture as defined in the joint resolution. I move to strike out "\$2,000,000" and insert "\$10,000,000."

Mr. KING. I want to address myself to that for a moment.

Mr. NORRIS. If the Senator wants to debate it, let me withdraw the motion and finish up stating my unanimous-consent request.

Mr. KING. Very well.

Mr. NORRIS. When I was interrupted by the Senator from Tennessee I was about to read the sections as they would appear if my unanimous-consent request were agreed to.

Section 2 will become section 6, section 3 will become section 7, section 4 will become section 8, section 5 will become section 9, section 6 will become section 2, section 4 will become section 5, section 8 will become section 3, the Caraway amendment will become section 4, section 9 will become section 10, section 10 will become section 11, and the amendment agreed to some time ago will become section 12.

The VICE PRESIDENT. Is there objection to the request? The Chair hears none, and it is so ordered.

Mr. NORRIS. In order, now, to give the Senator from Utah an opportunity to be heard, I move, on page 5, line 17, to strike out "\$2,000,000" and insert in lieu thereof "\$10,000,000."

Mr. SIMMONS. That is an authorization?

Mr. NORRIS. That is an authorization.

Mr. KING. The measure before us, which is known as the Norris resolution, presumably had consideration before a committee, and we may assume the resolution comes from the committee as the result of serious consideration and profound deliberation. This must be assumed because the subject with which the resolution deals is an important one, and Congress for a number of years has had before it propositions dealing with Muscle Shoals. After years of consideration the resolution was presented to the Senate. That it meets the approval of a majority of the Senators I have serious doubt. That it is a patchwork of compromises is evident from the extraordinary provisions and incongruities found therein. In attempting to deal with Muscle Shoals it divides responsibility, invoking jurisdiction of at least two departments of the Government—the Department of Agriculture and the War Department.

The Secretary of War is to complete Dam No. 2 and the steam plant at nitrate plant No. 2 at Muscle Shoals by installing additional power units. This official of the Government is also empowered and authorized to develop electric current at the steam plant and dam, and to sell the same to municipalities and to corporations and individuals, entering into contracts therefor. He is also authorized to construct transmission lines for the purpose of distributing the electric energy generated at the dam and plant referred to.

The Secretary of Agriculture is authorized to construct, maintain and operate plants anywhere in the United States for the manufacture and distribution of fertilizer, or any of the ingredients comprising fertilizer and contract with commercial producers for the production of fertilizers or materials needed in the Government's plan of development. He is also authorized to make alterations in existing plants and to construct and operate new plants. As amended the resolution provides that there shall be turned over to the Secretary the nitrate plant, together with the steam plant which I have referred to, and he is likewise directed to use nitrate plant No. 2 in the experiments of the production of fertilizers.

It is somewhat difficult to determine precisely the meaning of the resolution with the accepted amendments, and the fields which are to be entered by the Government and its agencies, and the restrictions, if any, imposed upon the same. In my opinion, Mr. President, and I say it with the utmost respect for those who prepared the measure before us, and those who are advocating its passage, if the resolution with the various amendments suggested should become law the most serious difficulties would be encountered in enforcing it and the conflicting interpretations would lead to delay, embarrassment and, in a great measure, defeat the consummation of some of the purposes of the supporters of the resolution.

The resolution lacks clarity and precision. It is complicated and cumbersome, and if the various agencies in the Government provided in the resolution to execute its terms undertake the task they will find themselves in a maze of confusion. It goes without saying that the absence of proper limitations will lead to inefficient bureaucracy and governmental waste and extravagance. No proponent of the scheme or schemes who approves of the resolution has ventured, so far as I have heard during the debate, to predict the ultimate cost to the Government. The stupendous sums already expended in the project, amounting to between one hundred and one hundred and fifty millions of dollars, may be entered upon the books as losses or, at least, the greater part of the same. If the departments of the Government attempt the construction of more dams and power plants and transmission lines and fertilizer plants, the National Treasury may be called upon for larger sums than heretofore have been expended in the Muscle Shoals project.

The resolution as it came from the committee carried the innocent little appropriation of \$2,000,000 for synthetic nitrogen experimentation. With the wave of a hand it is now proposed to increase this amount to \$10,000,000. I am surprised at the moderation of the advocates of the measure. They might with as much reason, and certainly in the light of experience with greater regard for the certain expenditures and losses, have asked for \$25,000,000 or \$50,000,000. Indeed, to carry out the power project, and that is the heart of this resolution, \$50,000,000 will be wholly adequate.

Mr. McKELLAR. Mr. President—

Mr. KING. I know what the Senator from Tennessee will say before he speaks. He will claim that this amendment of \$10,000,000 is necessary because of amendments, including the Caraway amendment, so called, which have been adopted and which require the Secretary of Agriculture to assume greater responsibilities than those placed upon him in the resolution as it was presented to the Senate. I now yield to the Senator.

Mr. McKELLAR. I call the Senator's attention to the adoption of the Caraway amendment, under which the Secretary of Agriculture is directed to proceed with the cyanamide plant at Muscle Shoals, which will entail the expenditure of a great deal of money.

Mr. KING. I am familiar with that.

Mr. McKELLAR. I wanted to give the Senator the reason why the amount should be increased.

Mr. KING. The Senator does not give me information I did not possess. I said that undoubtedly the Senator from Tennessee would state—and I stated it for him—that this increase from \$2,000,000 to \$10,000,000 was by reason of amendments which have been adopted, and which devolve upon the Secretary of Agriculture duties not provided for in the resolution.

I repeat, Mr. President, the increase in this item is quite insignificant and unimportant measured by the huge amounts which will be required if this resolution becomes law, and its provisions, complex, uncertain, and contradictory, are carried out. This scheme upon which we are about to embark leads to labyrinthian paths and, as I have stated, leaves us utterly in the dark as to what burdens it will impose upon the Government. If the project is limited to the building of dams and the generation of power and the construction of transmission lines and the distribution of electric energy developed, tens of millions of dollars will undoubtedly be required. The problems to be encountered will not be fiscal alone, but they will also be economic and business problems. Of course, the project contemplates disregard entirely of State lines, State sovereignty, and State constitutions and laws enacted by States for the regulation and control of public utilities and the waterways within the States. But if in addition to the power scheme, which is the paramount one and the object of this resolution, demands should be made of the Government to manufacture nitrates and various forms of fertilizer and distribute and sell the same to the farmers of the United States, then problems and difficulties perhaps more complex and disconcerting will arise, increasing the embarrassment and troubles of the Government and multiplying its expenditures and swelling its losses.

But we are quite indifferent to governmental expenditures. A few hundred millions of dollars thrown away in experiments and governmental business operations or attempted operations at Muscle Shoals and vicinity are not of sufficient importance to occasion hesitation in passing this measure. Measures now before Congress which we are expected to consider before adjourning call for appropriations, direct and indirect, of considerably more than \$5,000,000,000. The ordinary expenses of the Government with its increasing machinery, if we are to heed the demands of the executive departments, will amount to considerably more than \$4,000,000,000. Delegations from various sections of the country have besieged the Capitol and committee rooms since Congress convened last December pleading, asking, and demanding appropriations, the aggregate of which would bankrupt the Treasury and call for new revenue laws, adding to the already heavy burdens of the people further taxes amounting to between five hundred million and a billion dollars. We are asked to authorize at a cost of substantially a billion dollars the St. Lawrence River project, the Columbia River plan, and the Boulder Dam project. The demands for the Mississippi River and its tributaries run into the hundreds of millions. Appeals are made for an authorization of more than a billion dollars for the construction of 71 war vessels; \$800,000,000 are required for the ordinary expenses of the Army and Navy for the next fiscal year. It will be fortunate for the people and the country if Congress speedily adjourns. The longer we are in session the greater will be the burdens laid upon the people. We could do no better service than to promptly pass the appropriation bills, scrutinizing every item and cutting appropriations to the bone, and a few other bills and then adjourn.

Mr. President, I have upon many occasions during the past few years challenged attention to the heavy burdens of taxation and appealed for greater economy in the administration of governmental affairs. I have opposed appropriations, criticized numerous bills carrying large amounts, and interposed many objections to what I conceived to be unwise measures and bills carrying unnecessary and extravagant appropriations. In my opinion there has been too little regard for the taxpayer, and the increasing appropriations bear testimony to our indifference and to the irresistible power of the lobbyists and appeals coming from all parts of the land, for larger Federal appropriations, and for Federal intrusion into the States, and national assumption of responsibilities resting upon sovereign States and their political subdivisions.

The repeated claims of the supporters of the administration that economy has characterized the administration of President Harding and President Coolidge are not supported by the facts.

For the fiscal year ending June 30, 1917, the entire expenditures of the Federal Government were approximately \$1,173,000,000. It will be remembered that the United States entered the war in April, 1917, so that the expenses during the first half of the year were much greater than they would have been except for the preparations which our country was making for the great conflict. But this year, as I have stated, the appropriations for the ordinary expenses of the Government will exceed \$4,000,000,000, and there will be other appropriations, direct or indirect, amounting to from \$500,000,000 to \$1,000,000,000. I appeal to Senators on both sides of the aisle to oppose all unnecessary appropriations and to limit the expenditures of the Government to purely governmental purposes and to apply the most rigid economy in every branch of the Government.

It is an hour for a careful examination of the enterprises upon which the Government is embarking, the schemes and plans which are beyond the power and authority of the National Government, but which it is insisted by some shall receive the support of the General Government. It is a time to examine the Constitution and recur to fundamental principles and to insist that the National Government shall not go beyond the bounds of its authority or impinge upon individual rights or the rights of the sovereign States. The line of cleavage separating the National Government from the States must be maintained. State lines must not be obliterated, Federal usurpation must not be permitted, and State responsibilities must not be shirked.

Our Republican friends are in power. I appeal to them to protect the States against the Federal invasion and to apply the principles of economy in the administration of the Government. Though a Democrat, I would be glad to see the party in power give to the country a wise, just, and sound administration, one that conserved individual liberty and was calculated to preserve the States in all of their authority and keep the Republic within safe and constitutional limits. If mistakes are made, if extravagance characterizes the administration of the Government, the party in power must bear the blame.

Before Congress met in December leaders in the Republican Party announced that a revenue bill would be passed reducing taxes several hundreds of millions of dollars. The Secretary of the Treasury announced that there would be tax reduction to the extent of at least \$225,000,000. It was my opinion, Mr. President, that a tax measure should have been passed reducing taxes approximately \$400,000,000.

If Congress had acted wisely, if appropriations for the next fiscal year were within proper limits, we could have reduced the taxes by \$400,000,000 without in any way impairing the credit of the Government or leaving an empty Treasury. The Committee on Ways and Means of the House met several weeks before Congress convened in December and prepared a tax reduction bill which was offered the first day that the House met and was introduced as bill No. 1. The measure passed the House and came to this body. It was reported to the Finance Committee and there by Republican members of the committee promptly placed in a musty pigeonhole. All efforts upon the part of the Democratic members of the committee to secure consideration of the bill have been unavailing. It still remains in the pigeonhole of the committee. Whether it will be permitted to emerge I can not say. Certainly it will not pass this body if we continue our profligate expenditures and continue to enact measures unwise, unsound, and undemocratic, many of them calling for enormous appropriations, and carrying the Government further and further into fields which it should not enter.

I venture to appeal to those upon this side of the Chamber to not follow Republicans and support unsound legislation and measures which can not be justified by reason to supposed extraordinary conditions, and which are paternalistic, socialistic, and unconstitutional.

Mr. NORRIS. Mr. President, we have heard from time to time in this debate, and from year to year when the Muscle Shoals question was before the Senate for consideration, from all sides and from all parties and from all districts, a profession of love for the American farmer. Those of us who have not agreed sometimes with our brethren as to what shall be done with Muscle Shoals were denounced as enemies of the American farmer. We have had it called to our attention time and time again that we should make provision for cheaper fertilizer for American agriculture. Here is the opportunity. Here is an authorization for an appropriation, every penny of which will go toward cheapening fertilizer for the American farmer. I care not what we may think about the wisdom of the joint resolution or any other measure, if we want to provide for the cheapening of fertilizer here is a direct application of public funds for the purpose of doing it.

There are other authorizations in the resolution besides this one, going to water power and for the completion of Dam No.

2 by the Secretary of War and for the completion of the steam plant at nitrate plant No. 2. But here is an authorization which enables the Secretary to go forward at once. It is not the limit, I will say to the Senator from Utah, of public money that is going toward fertilizer. All of the income, after paying the expenses for the great plant down there, is going to be added to this fund. But the committee which reported the joint resolution realized that it would take some time before the Secretary of War would be able to get money from such income, and so provided, and it is stated in the resolution, in order that the Secretary may not be delayed in carrying out the fertilizer proposition of the joint resolution, that an appropriation of \$10,000,000 be authorized to assist him to carry it on.

The Senator from Utah complains that the amount was, as originally reported, only \$2,000,000. The joint resolution is practically the same as was reported in the last Congress by the same committee, and that resolution provided for \$10,000,000. It was thought by Doctor Cottrell, when we prepared the joint resolution now before us, that it would not be necessary to have \$10,000,000. He thought that with the income which would soon come from the sale of power \$2,000,000 would be enough. But we have adopted an amendment, here known as the Caraway amendment, which provides for more extensive fertilizer operations. It provides for experimentation with plant No. 2, which was not in the original resolution. That will cost some money. If we carry it out, money will be necessary and it ought to be authorized at once, it seems to me.

Mr. President, of all the authorizations for appropriations that I have ever voted for I shall cast a vote for an authorization for an appropriation for the improvement and the cheapening of fertilizer for the American farmer with more cheerfulness than any other vote I ever cast. Senators who have been crying aloud to the heavens that they wanted fertilizer, fertilizer, fertilizer, and were willing to do anything to cheapen fertilizer for the American farmer, now have the opportunity. I do not know of any other or better way to cheapen it. We have the great Secretary of Agriculture now engaged in the business. Does anybody complain that he ought not to do it because he happens to be an official of the Government? Will anybody complain to us that it is not a popular governmental function to experiment and to cheapen fertilizer for the American farmer? We do such things for business.

The Bureau of Standards is spending millions of dollars—and properly, I think—for experimentation in all kinds of operations, in all kinds of inventions for the benefit of men engaged in business. The Bureau of Mines is spending money to improve the mining industry. We are spending millions every year to improve agriculture, and everybody who has studied agriculture knows that one of the things that is going to be necessary in the very near future is a cheaper fertilizer. Here is the opportunity to get it. Do we want the Government to do it? Or would we rather turn it over to a private party to experiment? Would Senators rather turn it over to what is called the Fertilizer Trust and let them have the money and see if they can improve it?

If there is any other suggestion than that the Government should use this fund, than that the Government should make these experiments, I have not heard of it either in the Senate or outside. I would like to hear it if anyone could make a suggestion of a better place to put the money in order to give agriculture the benefit of it.

Mr. HARRIS. Mr. President, may I interrupt the Senator?

Mr. NORRIS. Certainly.

Mr. HARRIS. I call the attention of the Senator to the fact that he overlooked the proposition that the Government has spent about \$15,000,000 a year in experiments in powder and arms and things of that nature.

Mr. NORRIS. Yes; and the Government is spending hundreds of millions of dollars for battleships and big guns for the purpose of carrying bombs down into Nicaragua. We are doing all kinds of things where \$10,000,000 would hardly be a drop.

Mr. FLETCHER. Mr. President, I desire to say just a word. I think this is one of the best amendments that has been offered to the pending joint resolution. Originally I thought that \$2,000,000 would not get us very far, but I think that the amount authorized in this way will accomplish some very good results. The amendments which have been offered to the joint resolution generally, I think, have greatly improved it. In the beginning I was not much inclined to support the joint resolution. I thought it was almost devoid of any great good. I thought that we were not getting very far by adopting such a measure. But the amendments which have been adopted, and the pending amendment too, are good. I think the pending amendment is one of the most important that has been suggested.

Mr. SIMMONS. Mr. President, I was one of the Senators who voted against the so-called Underwood bill. I voted against that bill because I regarded it as essentially a power proposition. I was of the opinion then, and I am of the opinion now, that all the power that is necessary, either steam or hydroelectric, if it has not already been supplied by private capital, will, as the demands arise, be readily supplied by private capital.

There is no necessity of the Government going into the power business. In my own State we have in recent years developed something over 700,000 hydroelectric horsepower. The development of that power has given to the industries of that section an impetus that has within a very few years raised our State to the very front rank of industrial communities in the United States.

The Senator from Kentucky [Mr. SACKETT] a few days ago made a speech in which he pointed out that the difference between the cost of hydroelectric power and the cost of steam power was infinitesimal and need not be considered. That may be so, Mr. President, but steam power exhausts our coal, and we have not a superabundance of that, although we have more than the average nation of the world. However, it is not inexhaustible, but water power is inexhaustible, as is the air as a source of nitrogen; it can never be exhausted.

Mr. President, I arose not for the purpose of discussing the pending joint resolution particularly but for the purpose of making my position very clear. I am not in favor of Government ownership or operation wherever private industry and capital will supply the reasonable demands of the people in order that they may progress and receive at reasonable prices those things which they need. As a rule, private capital is supplying the American demand, but there are some exceptional cases.

The two exceptional cases are those which are of greatest and most vital importance to the future prosperity of the United States: First, that of an adequate merchant marine; secondly, that of an adequate supply of cheap nitrogen.

I am favoring and have favored the Government going into and remaining in the business of shipping just so long as, and no longer than, private capital refuses to supply the needed ships for the purpose of carrying the products of America to the markets of the world, because I know, and have known for years, that so long as America was absolutely dependent, as she was until recent years, upon her competitors in the world's market for the transportation of her cargoes, just so long would America be at a disadvantage in competition with the other nations of the world; just so long would that power of control over transportation be exercised against American trade and in favor of its competitors. So that for that reason I favor the Federal Government going into the shipping business. There is a second reason for Government shipping—supplying an auxiliary service for the Navy in case of war.

Mr. President, I am in favor of the Government going into the fertilizer business to the extent of manufacturing nitrates. I am not in favor of the Government going into the production of any other elements that enter into fertilizer, because private capital is supplying those at reasonable rates, but up to this time, notwithstanding the facts that the necessity for cheaper nitrates has been made manifest to the American people, and that for the past 15 years Senators from the South and Senators from other sections of the Union have stood here and begged for liberation from the bondage of Chile, begged that they might be freed of the \$12 export tax which Chile places upon every ton of nitrate the farmers of this country buy, private enterprise has done absolutely nothing to produce artificial nitrates; not one pound of artificial nitrates for the purpose of fertilizer has been made here, though it is true we have been getting cyanamide from Canada, which is a foreign country. Not one dollar has been invested in this country in the manufacture of nitrates for the purpose of making fertilizer less expensive. Therefore, Mr. President, the Government has an obligation, and it is fortunate in these circumstances, in this utter failure of private capital to come to the rescue of the farmer, that the Government owns the great power at Muscle Shoals.

I say to you, Mr. President, that the farmer has and has had many problems. He first had a monetary problem but that has been solved. He has now a traffic problem; he has been overburdened with high freight rates. That problem ought speedily to be solved, and would be speedily solved if the Interstate Commerce Commission would place a reasonable valuation upon the property of the railroads in determining the question of how much they may charge in order to enable them to earn a fair return upon their investment. Where the actual value of the assets of a railroad is doubled, instead of the Government guaranteeing a fair return, it in effect guarantees twice a fair

return on the investment. It is one of the farmer's problems to get rid of that situation; that we shall have to work out in some way or other. But, Mr. President, the most serious problem which confronts the farmer to-day is not high freight rates; it is not even surplus of production. Such surpluses present a serious problem. They do not apply to all agriculture, but apply only to those forms of agriculture which some years make too much and some years make too little to supply the world and the domestic demand. The surplus problem is, indeed, a crying evil and we have got to settle it. The farmers of this country, taken as a whole, will never be prosperous until that problem shall have been solved. The McNary-Haugen bill, if passed, will solve it, and I am in favor of that measure, but that is not the greatest problem of agriculture; that affects only certain branches of the industry. Practically the whole agricultural industry in America is to-day overburdened by an excessive price that has been imposed upon it for nitrogen, which is the chief element of fertilizer, by the exactions of Chile.

Tell me about prosperity! I say to you, Mr. President, that the farmers in my section of the country never knew what prosperity meant until they began to use fertilizer in large quantities. I say to you that my State before the war was designated as one of the "poor" States of the Union, agriculturally speaking; and it was, indeed, a poor State. The section of the State from which my distinguished, amiable, and lovable colleague [Mr. OVERMAN] comes, western North Carolina, was a land of sterile red hills, hardly producing sufficient to sustain the life of the people who lived upon them and to furnish them with meager raiment, but by the use of fertilizer that section of the State has been made almost as fertile as the delta of the Nile. In the eastern part of North Carolina we have doubled, almost trebled, our crops by the use of fertilizer.

In the western portion of the United States, where wheat is raised and the farmers do not use fertilizer, the average yield per acre, I understand, has fallen in recent years from probably 25 bushels to 12 or 15 bushels. In my section of the country, where when we started out without fertilizer we had an average yield probably of less than 19 bushels to the acre, we have increased it to an average of something like 25 bushels to the acre. But the cost of nitrogen entering into the fertilizer that we use is so very high that at the end of the year, although we have enormously increased the output of our land, there is very little profit left.

If the price of fertilizer can be reduced in this country, as Germany has reduced it—and reduced it not by digging it out of the mines, as is done in Chile, but by getting it out of the atmosphere by a cheap process—then every section of the Union will use fertilizer. The West will use it; the East will use it; the North will use it; as well as the South. When we shall have done that our land will produce many, many times more of the products that are needed by mankind than it now produces. Therefore I say that taking agriculture as a whole the fertilizer problem is the most serious one that confronts the farmer to-day. There is no other problem that is so immediately important to him.

The Government has the power and the plant at Muscle Shoals. It would be criminal, Mr. President, to take that power and turn it over to a power company when all the power that is needed for existing industries has already been developed and when every day in every part of the country, utilizing our abundant water power, there are springing up other power companies that are producing electric current and increasing the supply of hydroelectric power.

Therefore I am for the pending joint resolution. So long as I remain in the Senate, until the Government has taken over this plant and produced cheap nitrogen for the farmer or forced private capital to produce it in sufficient quantity at low prices I never intend to vote to turn the power at Muscle Shoals over to a private company. I want the Government to hold it, because I know if the Government keeps it and commits itself to the policy of producing a cheap fertilizer ingredient that it will exhaust the ingenuity of man; that it will employ the best talent that may be found to determine the best and the least expensive production methods; that it will do what Germany has done, and, if it shall do what Germany has done, it will succeed; and I am willing that we should give it \$10,000,000 if such an amount be necessary to accomplish this purpose.

I have heard nothing about any billion-dollar appropriations, except \$3,000,000,000 for a program for the increase of our Navy; and then Senators quarrel here because we want \$10,000,000 to discover some method by which fertilizer can be taken from the air and made as cheaply as it has been made and is being made in Germany now, and has been made in Germany for years past,

for the benefit of all the farmers of the country, and incidentally for the benefit of every other interest and industry in the United States.

Mr. President, I did not intend to speak at such length or with such earnestness, but I feel deeply about this subject. I feel that a solemn obligation rests upon us as Members of this body, as I feel that a solemn obligation rests upon the United States, to use Muscle Shoals to accomplish this necessary purpose for the American farmer. This and the shipping matter are two fields in which private capital for one reason or another has totally failed to meet the vital needs of the American people, and of American business, and manifestly the Government itself must assume the duty and discharge it.

Mr. BRUCE. Mr. President, I have not infrequently listened with admiration to the Senator from North Carolina [Mr. SIMMONS] and I always listen to him with profound respect, not only because of his elevated character but because of his solid, fruitful abilities; but I must say that until to-day I never listened to him with a sense of amusement. A sense of amusement did come over me, however, when, after declaring himself to be an inflexible opponent of Government operation of industrial activity, except perhaps as last resort, he announced first that he proposed to give his support to the pending Norris joint resolution, and then that he later proposed to give his support to what I conceive to be another indefensible governmental subsidy—that is to say, the subsidy provided for by the McNary-Haugen bill.

Mr. SIMMONS. Mr. President—

Mr. BRUCE. I have only 15 minutes, Mr. President.

Mr. SIMMONS. I am called out of the Chamber, and I merely want to say that the Senator and I thrashed out our differences upon that bill here for hours during the last session of Congress.

Mr. BRUCE. We did. I did not convince the Senator and the Senator did not convince me; and yet, it seems to me, that quite inconsistently, while insisting upon the merits of the pending joint resolution, he spoke of the extraordinary agricultural transformation that has been worked in the State of North Carolina by agricultural fertilizers.

By whom, pray, were those fertilizers produced? Were they produced at Muscle Shoals? Were they produced through the exercise of any governmental agency whatsoever? No! They were produced by that spirit of individual energy and private enterprise, which has made the United States of America the industrial and commercial miracle that it is.

The Senator says—and it warmed my heart to hear him say it, for I love the State of North Carolina almost as much as I love the State of my birth, Virginia, and the State of my lifelong residence, the State of Maryland—that some parts of North Carolina now, under the quickening influence of artificial fertilizers, bloom like a rose. Of what, then, is he complaining? If parts of North Carolina are blooming like a rose, is it his idea to have them blooming like an orchid, and an artificial governmental orchid at that? There is no pretense that the private fertilizer business has not served the United States, and served it well.

Mr. SIMMONS. Mr. President, will the Senator pardon just one interruption?

Mr. BRUCE. I yield to the Senator, but I hope he will recollect that it will cost me probably about a minute.

Mr. SIMMONS. It will not take me a minute.

The Senator misrepresents me. I do not complain that American industry does not furnish enough phosphates, and that we do not get our potash cheaply enough. What I was complaining of was that we are not getting any nitrate of soda furnished us by American capitalists, and that the only nitrate of soda we get we get from Chile, and have to pay an export duty on it to Chile.

Mr. BRUCE. Well, somehow or other the private makers of fertilizers contrive to get it and to make fertilizers and to make them in great abundance and to make them, I venture to say, at a reasonable cost on the whole.

Every now and then there has been a faint suggestion that there is a Fertilizer Trust. Of course, if you believe the progressive Republicans in this body—and I regret to say some of the Democrats—every form of business activity in the United States resolves itself into some kind of gigantic ogre, monster, dragon, or trust. One of the greatest producers of commercial fertilizers in this country, the Virginia-Carolina Chemical Co.—Senators on this side of the Chamber, at any rate, have heard of that company—a company managed economically and efficiently, so far as I know, has lately passed into the hands of a receiver as a result of one of the most disastrous failures known to the industrial history of the United States. Is any-

body saying that the bankruptcy of that great company was due to the fact that it exacted too high rather than too low prices for its products?

Give industrial enterprise, individual initiative and energy, but a fair opportunity, under proper governmental regulation, to do its work in this country, and it will always efficiently do its work. That is just as true of the private fertilizer industry as of any other industry. Yet, in spite of that fact, here we have this tremendous proposal to have the Federal Government go into the business of manufacturing power and fertilizer at Muscle Shoals in competition with its own citizens and in defiance of all of our best national traditions and principles of conduct. It is destined to result as such movements have always resulted where the Government undertakes to conduct a purely industrial enterprise; that is to say, in annual deficits, to be made good out of the general resources of the Federal Treasury.

For a long time it was suggested that the Democratic Party would probably absorb the progressive Republican element in this country. I am beginning to believe that it is the progressive Republican element that will absorb the Democratic Party, rather than the Democratic Party that will absorb the progressive Republican element. In other words, I believe it is rather Jonah that will swallow the whale than the whale that will swallow Jonah.

I recollect some years ago, when I had inveighed, as I am now inveighing, against these utterly false conceptions of the true functions of government, the Senator from California [Mr. JOHNSON]—and I say this with great respect—declared:

Yes, the Senator from Maryland is right; the conflict between the East and the West is conflict between two fundamental, irreconcilable theories of government.

And so it is.

The idea of the progressive Republican is to come to Washington and get what he can out of the Federal till, to secure gifts, bonuses, largesses, if he can; and if he can not secure anything of that nature, to secure loans, often attended, of course, with utter disaster to the borrower. On the other hand, the old Jeffersonian idea—the old Democratic idea—is that the Government should have just as little to do with private business as possible; should come into competition with it just as little as possible; and that while government is eminently fitted for its own police and other functions, it is peculiarly unfitted for carrying on of any ordinary form of private business or industrial activity. The government that governs least, that adheres most strictly to its own true governmental offices, is the best government. That was the idea of Thomas Jefferson, and that was the idea that persisted in the history of the Democratic Party down to this unhappy time. Now, Democratic Senator after Senator has arisen to declare his purpose of giving his support to the pending resolution, which violates every principle of our party creed; nay, more, which violates every principle that constitutes a part of the real bedrock of our distinctive American institutions.

"Ah," says the Senator from Nebraska [Mr. NORRIS]—and nobody knows better than he what eminent respect I entertain in many regards for him—"at last you have an opportunity, after all your prating, to do something for the farmer, and now you are balking at this opportunity."

To begin with, I would remind the Senator that his resolution in its original form did very little for the farmer. It was only the leavings, so to speak, of his resolution to which the farmer could look for relief with any hope. The resolution in its original character was a power resolution. It is only from pressure, it is only as the result of individual amendments coming from one source and another, that it has been changed into a resolution for the relief of the farmer.

I am willing to do anything for the relief of the farmer, but I thank heaven that the farmers in my own State appear to have too much intelligence, too clear a recognition of the proper line of partition between private business and governmental functions, not to desire me to oppose this resolution, because they have taken the pains to communicate to me in an authoritative manner their wishes upon that subject. But even if they had not done so, I would have opposed this measure, not because I do not cherish a profound respect for the wishes of the farmer, but because I cherish an even profounder respect for the Federal Constitution; not because I love Caesar less, but because I love Rome more.

It is a sad thing to me, now that my life is gradually passing into the shadows of the late evening of existence, and now that I have attempted throughout by life to make myself familiar with the Constitution and the general history of my country, and now that I have sustained relations of devoted fidelity throughout my life to the Democratic Party, to find what a

change, what a radical, what a revolutionary change, the political institutions of my country are undergoing.

The special significance of this pending resolution is much, but to me its general significance is infinitely more. I have been here some four or five years, and in that time the process of Federal centralization has gone on and on until at last I am beginning to think, though I have struggled against such a conclusion year after year, that it is almost idle to attempt to resist the process any longer.

The PRESIDING OFFICER (Mr. STEIWER in the chair). The time of the Senator has expired.

Mr. HEFLIN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Edwards	McMaster	Simmons
Barkley	Fess	McNary	Smith
Bayard	Fletcher	Mayfield	Smoot
Bingham	Frazier	Metcalf	Steck
Black	George	Neely	Steiner
Blease	Gerry	Norbeck	Stephens
Borah	Glass	Norris	Swanson
Brookhart	Greene	Nye	Thomas
Broussard	Hale	Oddie	Tydings
Bruce	Harris	Overman	Tyson
Capper	Harrison	Phipps	Walsh, Mass.
Caraway	Hayden	Randall	Walsh, Mont.
Copeland	Hefflin	Reed, Pa.	Warren
Couzens	Johnson	Robinson, Ark.	Waterman
Curtis	Jones	Sackett	Wheeler
Dale	Kendrick	Schall	Willis
Deneen	King	Sheppard	
Dill	La Follette	Shipead	
Edge	McKellar	Shortridge	

Mr. JONES. I desire to announce that the Senator from New Mexico [Mr. CUTTING] is detained in committee.

The PRESIDING OFFICER. Seventy-three Senators having answered to their names, a quorum is present. The question is on the amendment of the Senator from Nebraska, on page 6, line 14, to strike out the figures "\$2,000,000" and insert in lieu thereof "\$10,000,000."

The amendment was agreed to.

Mr. BLACK. Mr. President, I desire at this time, with that amendment disposed of, to offer again the amendment which I suggested this morning. I ask that it may be read.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. The junior Senator from Alabama proposes the following amendment: Add at the end of section 2, before the period, the following proviso:

Provided, That the Secretary of War shall pay to the State of Alabama a percentage of the proceeds received for the sale of power for distribution purposes equal to the amount of tax imposed by the State upon the production of electric power.

Mr. ASHURST. Mr. President, this amendment is a vital one. It is the recognition of a principle well established by the Federal Government. The able Senator from Maryland [Mr. BRUCE] descanted upon attempts of the Federal Government to override the States, and I am prompted to say that here is a proper opportunity to reserve to the States in general and to the particular State involved that to which the particular State is entitled. The amendment submitted by the junior Senator from Alabama [Mr. BLACK] reads as follows:

Provided, That the Secretary of War shall pay to the State of Alabama a percentage of the proceeds received from the sale of power for distribution purposes equal to the amount of tax imposed by the State upon the production of electric power.

It will be perceived that this amendment does not contemplate nor will its effect be to levy any tax upon such power as is used for the creation and manufacture of fertilizers. It proposes to collect a tax upon such power as is sold in the market for distribution purposes and it lays such tax as may be equal to the amount of the tax which Alabama now levies upon electric current generated by private capital.

Mr. President, at the risk of consuming two or three minutes of my time I shall say that the creation of a State and its entry into the American Union is the most symmetrical and the most beautiful creation of political authority known to mankind. Let us not, however, whilst contemplating the beauty of the entry of a State into the Federal Union, forget that the States existed anterior to and they created the Federal Union. Some of our States were flourishing in their authority, majesty, and strength before the Federal Union was created. Indeed, in order to have a Union the States voluntarily surrendered a portion, but not all, of their authority and jurisdiction and power. Therefore, much as I am inclined to eulogize the Federal Union, whose great dome and whose majesty fill and glorify the world, I never forget that the Union's strength, permanency, and endurance rest upon the States themselves.

We have 48 sovereign States, each one a giant column supporting the Union. Destroy one of the States, or weaken its power, and the same thing will happen to the Federal Union that happens to a temple when one of the columns supporting the temple's weight is removed or weakened. Remove, destroy, impair one of the columns and the whole structure is in danger of falling into disrepair and finally into ruin.

Therefore we should remember that it is the State of Alabama and not the Federal Government that is furnishing the potentiality of this mysterious thing we call electricity, and that furnishes the fall of the river. Electricity, the great force of the Almighty, which is always on the road and which never grows weary; electricity, that invisible, mysterious, and powerful force, is furnished at Muscle Shoals, not by the Federal Government, but by the resources of the State of Alabama.

The amendment offered by the junior Senator from Alabama [Mr. BLACK] evidences statesmanship by demanding that his State shall have a proportion of the moneys, in lieu of taxes, derived from the sale of electric current, which current is to be sold in the general market.

Congress has provided for payments to the States in lieu of taxes in other instances, as, for example, in the agricultural appropriation act of May 23, 1908 (35 Stat. 260), which directs the Secretary of Agriculture to turn over one-quarter of the total receipts from the national forests to the States in which the same are located:

That hereafter 25 per cent of all money received from each forest reserve during any fiscal year, including the year ending June 30, 1908, shall be paid at the end thereof by the Secretary of the Treasury to the State or Territory in which said reserve is situated, to be expended as the State or Territorial legislature may prescribe for the benefit of the public schools and public roads of the country or counties in which the forest reserve is situated: *Provided*, That when any forest reserve is in more than one State or Territory or county the distributive share to each from the proceeds of said reserve shall be proportional to its area therein.

In addition, the act of March 4, 1913 (37 Stat. 843), directs that a tenth of these same receipts shall be devoted to the construction of roads and trails within the forest reserves of the States where collected, so that the States actually benefit to the extent of 35 per cent of the gross Federal income from the national forests.

That hereafter an additional 10 per cent of all moneys received from the national forests during each fiscal year shall be available at the end thereof, to be expended by the Secretary of Agriculture for the construction and maintenance of roads and trails within the national forests in the States from which such proceeds are derived; but the Secretary of Agriculture may, whenever practicable, in the construction and maintenance of such roads, secure the cooperation or aid of the proper State or Territorial authorities in the furtherance of any system of highways of which such roads may be made a part.

The act to promote the mining for coal, phosphate, oil, oil shale, gas, and sodium on the public domain (41 Stat. 450) specifically directs that 37½ per cent of all royalties collected shall be paid to the State within which the leased lands are located. Section 35 of that act reads:

SEC. 35. That 10 per cent of all moneys received from sales, bonuses, royalties, and rentals under the provisions of this act, excepting those from Alaska, shall be paid into the Treasury of the United States and credited to miscellaneous receipts; for past production 70 per cent, and for future production 52½ per cent of the amounts derived from such bonuses, royalties, and rentals shall be paid into, reserved, and appropriated as a part of the reclamation fund created by the act of Congress, known as the reclamation act, approved June 17, 1902, and for past production 20 per cent, and for future production 37½ per cent of the amounts derived from such bonuses, royalties, and rentals shall be paid by the Secretary of the Treasury after the expiration of each fiscal year to the State within the boundaries of which the leased lands or deposits are or were located, said moneys to be used by such State or subdivisions thereof for the construction and maintenance of public roads or for the support of public schools or other public educational institutions, as the legislature of the State may direct: *Provided*, That all moneys which may accrue to the United States under the provisions of this act from lands within the naval petroleum reserves shall be deposited in the Treasury as "Miscellaneous receipts."

The same principle is recognized in the Federal water power act of June 10, 1920 (41 Stat. 1072), from which this provision is quoted:

SEC. 17. That all proceeds from any Indian reservation shall be placed to the credit of the Indians of such reservation. All other charges arising from licenses hereunder shall be paid into the Treasury of the United States, subject to the following distribution: Twelve and one-half per cent thereof is hereby appropriated to be paid into the

Treasury of the United States and credited to "Miscellaneous receipts"; 50 per cent of the charges arising from licenses hereunder for the occupancy and use of public lands, national monuments, national forests, and national parks shall be paid into, reserved, and appropriated as a part of the reclamation fund created by the act of Congress known as the reclamation act, approved June 17, 1902; and 37½ per cent of the charges arising from licenses hereunder for the occupancy and use of national forests, national parks, public lands, and national monuments, from development within the boundaries of any State shall be paid by the Secretary of the Treasury to such State; and 50 per cent of the charges arising from all other licenses hereunder is hereby reserved and appropriated as a special fund in the Treasury to be expended under the direction of the Secretary of War in the maintenance and operation of dams and other navigation structures owned by the United States or in the construction, maintenance, or operation of headwater or other improvements of navigable waters of the United States.

Mr. BRUCE. Mr. President, the amendment reminds me of the plight of the hapless inhabitant of Ireland in the early stages of Irish history, when he found himself dispossessed by his English conqueror of the land to which he alone had a just title. It is said that after the sway of the English began, and the Irish had been robbed of their lands, they would hang at times about the doors from which they had been driven, begging even for a crust of bread with which to stay their hunger.

As the Senator from Arizona [Mr. ASHURST] has well said, the primary claim to this great natural resource—Muscle Shoals—is that of the State of Alabama; and if our institutions had not been so sadly perverted in recent years, that claim would now be duly respected and honored. In one sense the State of Alabama is just as much entitled to Muscle Shoals as the people of Baltimore and the State of Maryland are to the grand port of Baltimore, or the people of the city and State of New York to that even grander port, the port of the city of New York. Yet the General Government in time of war, and inspired by war exigencies, and war exigencies alone, has gone into the State of Alabama and taken possession practically of her greatest natural gift, and now proposes to exploit it in such manner that the people of Alabama, if they derive any benefits at all from it, will derive only those of a purely secondary and insignificant character.

However, I will continue the remarks that I was making when my time was cut short a few moments ago. I was speaking of the process of Federal centralization that has been steadily going on here ever since I have been a Member of this body. Of nothing does it remind me so much as of the sight that I sometimes witnessed when I was a boy at my rural home; that is to say, the sight of some poor toad on his way down the gullet of a remorseless snake. First the head would disappear, then the little pudgy body, and then the quivering legs; and I almost think that we have reached the point where nothing of State sovereignty is left visible; except its receding extremities.

First of all, I should like to ask—for I have had no occasion to examine the question critically—what constitutional authority has the Federal Government to enter the State of Alabama and to manufacture power or fertilizer?

Mr. ASHURST. Mr. President, does the Senator from Maryland want me to answer that question?

Mr. BRUCE. Yes; I should like to have the Senator do so.

Mr. ASHURST. The Federal Government has no such authority without the consent of the State of Alabama.

Mr. BRUCE. Precisely.

Mr. ASHURST. So says the Supreme Court of the United States.

Mr. BRUCE. Of course, the title of this great navigable stream, the Tennessee River, is in the State of Alabama, and has never been divested.

Mr. ASHURST. If it be a navigable river, the bed of the river belongs to the State of Alabama.

Mr. BRUCE. Of course, subject to the Federal power of regulating commerce or navigation or of using the Tennessee River or any other stream in the exercise of its war powers, when the supreme exigencies of war may make such a step necessary.

Notwithstanding the undeniable legal obstruction that stands upon the very threshold of this joint resolution, it contemplates industrial production by the Federal Government of both power and fertilizer. If the joint resolution shall go into effect, the Secretary of War may lease power to any individual or to any municipality, whether within the limits of the State of Alabama or not. He is even authorized to erect transmission lines for the transmission of electricity. In other words, if the resolution goes into effect, electricity may be transmitted from Muscle Shoals I know not how far, but perhaps for—am I exaggerating?—several hundred miles, the effect of which, of course, would be to deprive the State of Alabama entirely, or

at least to a great degree, of the natural advantages with which the God of nature has endowed her.

The proposal, of course, is that the Federal Government shall go into private business on a colossal scale—the purely private business of producing power, the purely private business of producing fertilizers; and that, too, in the face of the fact that no real testimony has ever been laid before this body that the private production and sale of fertilizers, at any rate at the present time, are marked by extortion. This is but the first step. If the Federal Government can take over Muscle Shoals and convert it into an instrumentality for the production of power and fertilizer, why may it not take over any other great water power of the country under the pretense of an exercise of the war power or other power and turn it, too, to industrial ends? Where is the limit to be set? Where is the boundary line to be run? The effect of this joint resolution, if passed, would be to embark the Federal Government on an absolutely uncharted sea of illimitable power and experimentation.

As I have said before, all the trouble that inheres in the Muscle Shoals problem is due to the intrusion into it of false ideas in relation to the proper functions of the Federal Government. These ideas did not spring from the soil of Alabama nor from the soil of Tennessee nor from the soil of Maryland nor from the soil of New York nor from the soil of Massachusetts, but from the soil of regions in the United States in which, as I humbly conceive to be the case, the proper scope of government has been hopelessly misconceived and in many instances perverted. Let this process of centralization go on, let this process of Government operation go on, and there will be only one more step for the people of the United States to take, and that is the step that leads directly to the socialization of all industry in the land; and it is in that direction that we are now sensibly tending. It has just been suggested that the prices for all bituminous coal shall be fixed by a Government commission.

As I have stated, I am almost in despair. I look about me and see but one statesman who, it seems to me, is true to the old traditional faiths of the American people, and he, I am glad to say, is the honored governor of my own State, Gov. Albert C. Ritchie. I can almost say of him as Milton says of the seraph Abdiel:

Among the faithless, faithful only he.

He has insisted upon the Federal Constitution as it was framed by our fathers and as it was administered by generations of renowned American statesmen. He has insisted upon the proper line of partition between Federal sovereignty and State sovereignty.

He has insisted upon the proper line of delimitation between the exercise of governmental functions and private business. In other words, he has been true to the tenets of his master and of my master and the master of every Democrat who is a true Democrat—Thomas Jefferson—but for whose influence and instruction, handed down from generation to generation, there would be no Democratic Party in the land to-day at all. I wish we could see now that great party rising up, aggressive and militant and still with sufficient of the wisdom of its founder in its thought and sufficient of his inextinguishable spirit in its heart to be once more set down as a party, to use another quotation from the poem to which I have just referred, like one of the—

Spirits that
Vital in every part,
Can not but by annihilating die.

But it will die, indestructible as it seems to be, if it shall continue to be faithless to its fundamental principles and to allow the Federal Government to absorb one after the other the rights and powers of the States.

Mr. TYDINGS. Mr. President, will my colleague yield for a question?

The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator from Maryland yield to his colleague?

Mr. BRUCE. I yield.

Mr. TYDINGS. While the Senator is discussing that phase of the question, I hope he will also discuss where, under our present Constitution, the Government has the right to operate in time of peace business enterprises of this character.

Mr. BRUCE. The Senator did not happen to be in the Chamber when I referred to that matter. It was just that question which I asked. The Government has no legal right to build that dam or set up that steam plant or to create any works of any kind at Muscle Shoals except either in the exercise of its war powers or under the authority conferred upon it by the Federal Constitution to regulate navigation or com-

merce; and if, after erecting these works for another purpose, it goes into the business of manufacturing power or fertilizer it is a false pretender; it is like a thief who has gotten into a house by deceit and proceeds to despoil its inmates of their property.

The PRESIDING OFFICER. The time of the Senator from Maryland has expired.

Mr. BRUCE. I thank my colleague for making the suggestion and giving me the opportunity to reaffirm what I said.

The PRESIDING OFFICER. The question is on the amendment offered by the junior Senator from Alabama [Mr. BLACK].

Mr. McKELLAR. Mr. President, I ask the Senator from Alabama would he be willing to accept the language I am about to read as an amendment to his amendment?—

Provided, That the Secretary of War shall ascertain what proportion of such power is generated from water coming from the State of Tennessee, and such tax shall be apportioned to Tennessee and Alabama in proportion to the water coming from each State.

The Senator knows, of course, that the great body of water that passes over the dam at Muscle Shoals comes from the State of Tennessee and, if the Senator is going to ask for a tax on the water passing over the dam, it seems to me that, in all fairness, the State of Tennessee, which furnishes probably nine-tenths of the water that is in the river at Muscle Shoals, should participate in the tax.

Mr. President, I am not going to offer this amendment, but I have presented it to the Senate for the purpose of showing that such a tax is unfair and unjust. I really think, however, that if the amendment of the Senator from Alabama should be adopted and the tax applied, the State of Tennessee, which furnishes, as I have said, probably nine-tenths of the water, perhaps ninety-nine one-hundredths of the water, should receive its proportion of that tax; but I do not think that the Senator's amendment should be agreed to.

Mr. ASHURST. Mr. President, I hope the Senator will let his statement remain in the Record, because I want to use it in connection with another bill that may come up.

Mr. McKELLAR. All right. I am perfectly willing that that shall be done.

Mr. CARAWAY. Mr. President, since the Senators are apportioning the tax among the States that may have furnished something, I want to ask the Senator from Tennessee this question: I believe this plant is dedicated to the manufacture of fertilizer; is it not?

Mr. McKELLAR. Yes.

Mr. CARAWAY. They have to use the air in that process, do they not?

Mr. McKELLAR. Indeed, they do. They get nitrates from the air.

Mr. CARAWAY. Why should we not charge the Secretary of Agriculture with the duty of finding out from what State this air blows from which we get the nitrogen, and apportion the tax on the basis of so much for water and so much for air?

Mr. McKELLAR. I will say to the Senator that I think it would be just as reasonable.

I do not think this amendment should be adopted, and I hope it will be voted down.

Mr. ASHURST. Mr. President, if a meter were placed upon the mouth of the Senator from Tennessee and the mouth of the Senator from Arkansas, no tax would be necessary.

Mr. BLACK. Mr. President, I regret very much that the Senator from Arkansas, who has adopted the attitude since the beginning of this debate that Alabama has no right whatever with reference to any asset within its boundaries, has left the Chamber. It seems to me that the Senator from Tennessee, when he offers the amendment that he has offered, should also suggest that the farmers of Alabama should not be permitted to buy any of the fertilizer used at Muscle Shoals because the water comes from Tennessee.

Mr. McKELLAR. Mr. President, I have not offered the amendment.

Mr. BLACK. Mr. President, I do not yield. The Senator did not yield to me.

The PRESIDING OFFICER. The Senator declines to yield. Mr. McKELLAR. If I did not, I intended to.

Mr. BLACK. It seems to me it would be just as reasonable for the Senator from Tennessee to suggest that some of the rains that fall in Tennessee, that have been gathered up into the clouds from Alabama, entitle Alabama to a direct legislative mandate that the produce grown on Tennessee's land should be sent over to Alabama. It is a ridiculous assertion to stand up in a body like this and make the statement that the assets of a sovereign State are liable to judicial or legislative distribution among the other States of the Nation.

Why, if their theory is correct, Alabama has no right to pass a law governing the stream when it gets into Alabama; we have no right to take a drop of that water for irrigation purposes, because it would be depriving Tennessee of its privileges and rights. According to this theory we have no right to direct how high a dam shall be built on the stream, although the Supreme Court of the United States has directly held that the State of Wisconsin, and likewise the State of Alabama, have the absolute right to determine how high a dam shall be built on a navigable stream. According to the Senator's theory, the fact that the water happens to flow from Tennessee and North Carolina would prevent Alabama from having the benefit of the soil which is deposited on the side of the stream; and therefore Mississippi and other States which to-day seek to have the Government pay all the expense of the process of controlling floods have no right to do so, by reason of the fact that the soil which is distributed there, which will enrich their land, can not be equitably divided among the States of the Union.

Since the very beginning of the history of this Nation the right of a man to his water power has been recognized. In the old days he put his flutter mills on the streams, and woe be to the man who came and placed his unholy hand upon that flutter mill! A little later he put an old mill wheel where the water ran down the mountainside or the hillside. There he built the old-fashioned mill, where he made meal for corn bread; but, according to the theory of the Senators from Tennessee and Arkansas, this pioneer had no right to do it, because, forsooth, some of the water may have come from another State; and woe be unto the man who dared to cast his lot by the side of that running stream and dared to assert the theory that this was his power. Why, even the king, in the old country of England, was not strong enough to place his hands on this right and take it away. But here in America, a republic, a democracy, the land of the free and the home of the brave, it is different. The hand of the king may not be strong enough to take away the rights of the man in England; but over here in America, where the people are controlled by a Senate and a House drawn from various States, with various sectional interests, it is all right for one section to trample on the rights of another, and say, "Get out from under here! You have no right to this water. Part of that water fell from the clouds up in Tennessee or North Carolina. Therefore, Tennessee and North Carolina should come down and take the power that is generated within the portals of your State."

The principle that has always been recognized is that water flowing through a State within that State belongs to that State for its use. It is true that the State has no right to run the stream dry. That would not be proper; but it has the right to any reasonable use of that stream. Any State through whose boundaries there flows a navigable stream has an absolute right, under the laws of this Nation, to determine the reasonable use of that stream, and to apportion it out as it sees fit; and yet a new theory is being evolved. A new scheme of affairs has come into existence. Some other States want something that Alabama has.

Senators, people moved there on the banks of the Tennessee at Muscle Shoals generations ago because they saw the possibilities of that river power, just as people went to Baltimore because they saw the advantages of the harbor there, as others went down on the Gulf to obtain the benefit of the balmy breezes. But under that theory, for instance, the man who went to the mountains to obtain the benefit of the mountain breezes, following out the idea of my friend from Arkansas, would have no right to claim such benefit. Why? Because those breezes may have come from another State, and carried along by the forces of nature may have passed over the soil of another State; and, therefore, woe be to that man who because he has settled on that mountain top claims he has the right to enjoy its breezes!

Why, my friends, it is a law as old as this Nation that the power of a stream—the riparian rights—belongs to him who gets there first. It belongs first of all to the State through which the stream flows. If the State wants to part with it, it can do so only as a trustee. Yet when we come in here with this proposition: "If you are going to give us Government operation; if you are going to take our stream away from us completely; if you are going to assert that which is contrary to the laws of the United States as expressed by the Supreme Court—that the great water powers of this Nation belong to the Government—then we ask that you give us that reasonable percentage which private business would give us if it had settled itself upon the same stream"—when we make that modest request it is denied.

Some one has pointed out the Government built that power plant. Yes; the Government built it. We of Alabama do not

claim to own it. We never have made such a claim; any such allegation is wrong and unfounded. Of course, Alabama has never made the preposterous claim that it owns the dam or the plants placed on that stream by the Government; but when the Government steps beyond its authority and impresses a servitude upon that stream for power purposes we do claim that it is right and proper that the State should have the tax which a private power company would pay if it sold and distributed that power, and for that we are ridiculed!

Senators, sooner or later the question will come up with reference to your State. The State of Tennessee, which my good friend Senator McKellar represents, has already sent its message up here through its board of public utilities. Tennessee has protested against the very principle which the Senator seeks to assert here in ridicule of this amendment which I have offered. The gentleman who formerly represented Tennessee in this body has also expressed himself in a masterful legal opinion, in which he says that the Government has no right to go down to Cove Creek and assert supremacy and a dominant right over Cove Creek, because it would subordinate the rights of the State of Tennessee. Yes; that is all right for Tennessee; but when Alabama, which has a stream flowing through it—a stream on which people have been living for many years—comes in and makes the simple request, "If you are going to take our power, if you are going to compete down there, if you are going to establish the precedent of taking up for Government operation the water powers of the Nation which have constituted heretofore a natural asset of the State, do not compel us to impose all the taxes on business, on farming industry, and on property which is absolutely owned; give us the right to get a part of the tax from this power"—when Alabama ask for that it is denied to her.

The gentlemen who favor Government operation and the gentlemen who do not favor it are both in favor of this measure, I take it, for this reason: Those who favor Government operation know that one of the chief arguments used against it all over the Nation is that the Government does not have to pay taxes; and the Senator from Nebraska and these other gentlemen know that the taxes imposed by the State of Alabama would represent a very infinitesimal part of the selling price of electricity in Alabama, but if you do not impose a tax the argument will be made, "The only reason why the Government could succeed was because it did not have to pay taxes"; and many other gentlemen who do not favor Government operation look at it in this way.

When the Government goes into business in competition with a private individual there, why should not the Government be taxed? Why should it be given an unfair advantage? Why should the Government, which sells power in Alabama, pay no taxes, although Alabama collects taxes from the other industries engaged in the same business? Sooner or later it will take away from Alabama the right even to tax them, because if you impose a heavy tax on one and do not impose it on another sooner or later the heavily taxed industry will fail and go out of business.

Therefore we insist on this principle for three reasons:

First, because it is fair and right. I insist that no government and no State and no municipality has the right to engage in competition with private business without paying the same amount of taxes that private business pays. When I say that do not understand me to say that I always oppose municipal or Government operation; but I do say that is not fair, not right, and not just to require a citizen to do business and pay taxes and put up next door to him his own government, which pays no taxes.

That is the first thing.

The next thing is that it is just to Alabama to do what we propose because, let my friends talk as they please about the whispering breezes and the running water running through the State of Tennessee; if somebody were to go up into the State of Tennessee and try to take a stream away from that State no voice raised would be stronger in condemnation or more eloquent than that of the Senator from Tennessee.

Mr. ASHURST. Mr. President, while the Senator from Tennessee is talking of whispering breezes and gentle zephyrs, his rule is—

The simple plan,
That they should take who have the power,
And they should keep who can.

Mr. BLACK. Yes, sir. If this amendment is voted down, it will be on that principle. It will be because Alabama has only two voices in this body and because there are others who are willing to take away from those to whom they have been given by nature the natural assets which God has distributed over this Nation.

Just this one other thought, and I am through:

Do not understand me to say that the power plant is a natural asset. It is not; but the falls is a natural asset. The fall of the water, the stream itself which flows through that State is a natural asset. The beautiful Potomac, which flows through this city, is a natural asset. The beautiful streams which flow through the neighboring State of Virginia are natural assets of the State of Virginia. Woe be to the man who goes to Virginia and tries to take away that which belongs to this great State.

I ask you in the name of the State which I represent, in the name of the people there who have settled on the banks of the Tennessee; I ask you in the name of simple justice and simple right, you who would protest if your own State itself were treated as you say you have a right to treat Alabama—I ask you to vote not to take away from Alabama the last right which it has left with reference to a stream which was there when the State was made a State and which has belonged to its people up to this very time, and in which they will continue to have a right unless this body can by legislation take away that which was given by the laws of nature.

Mr. NORRIS. Mr. President, I expect to take but a very short time, but I can not let pass unanswered some of the arguments which have been made, which I do not believe are logical or fair. If the Government of the United States wants to establish the principle that it will pay to States something in lieu of taxation for the public buildings and the public enterprises of the Government of the United States, then it ought to do so by a broad, comprehensive law. I doubt the wisdom of such a thing, and would not agree to attempt to undertake to apply that principle in this case, where most of all it has no application.

It is said now that the Government of the United States has no right in Alabama and has had no right to construct this dam and to build this steam plant, except by virtue of the war power. Those assertions have been made here.

Mr. McKELLAR. Mr. President, I want to call the attention of the Senator from Nebraska to this fact: That both Senators and every single Member of the House, from Alabama, when this plant was built, were earnest and active and potential in insisting on the building of this plant by the Government of the United States.

Mr. NORRIS. Mr. President, if we establish such a principle, then we must go into every State where we have any governmental institution that is doing any kind of experimental work, and we must pay to the State something in lieu of taxes. We would have to go to Wisconsin, where there is a forest experiment station. We would have to go into a dozen different States where experimentation is carried on and products are sold after they are experimented with. We would have to go into every activity in which the Government is engaged. We would have to go to every town where there was a post office and pay a part of the receipts of the post office to the State in the way of taxation.

In this particular case I think there is more reason than in the ordinary case why there is no justice in the claim made by the junior Senator from Alabama. This plant was located at Muscle Shoals; it was constructed by public funds; it is a governmental project; it was put there for the purpose of providing munitions of war in time of war; and providing cheap fertilizer for the farmers in time of peace. Therefore every penny paid to Alabama in lieu of taxation would be so much less going into experimentation and the cheapening of fertilizer for the American farmer.

Alabama gets more out of that than does any other State. In this resolution we have authorized the appropriation of \$10,000,000, every dollar of which, I presume, would be spent within the limits of Alabama. The improvement and the finishing of the dam, the enlargement of the steam plant, by the Government funds, would all be in Alabama. We have constructed a dam there which the people of Alabama are using to-day as a bridge. One of the most beautiful bridges ever constructed in the civilized world crosses the Tennessee River at Muscle Shoals, a bridge built by the Government of the United States. It is a beautiful structure, over this dam. Did anybody object when we built that bridge? Did anybody object when we used public money to construct it? Is it not true as a historical fact that the two Senators from Alabama, then in the Senate, used every influence they could possibly bring on President Wilson to have him locate that plant at Muscle Shoals?

Mr. HEFLIN. Mr. President, I am sorry the Senator has called attention to the bridge, because I am afraid the Senator from Tennessee will try to take that away from us.

Mr. NORRIS. It may be that he will. Does the Senator want us to pay a tax on it?

Mr. President, I have been told that there was quite a controversy among the experts as to whether that plant should be located at Muscle Shoals. A great many of the experts, if not a majority of them, thought it should not be located at Muscle Shoals, and if we were locating a fertilizer plant to-day, with the knowledge the scientific world has on the fertilizer question, if we were locating such a plant with a view of making as cheap fertilizer as possible, it would not be located at Muscle Shoals. There is no doubt about that proposition.

We provide in this resolution, making it obligatory, that one of those plants shall be located there because the Government has other interests in that vicinity and in that part of the State.

As I was about to say, when the question of locating this great plant at Muscle Shoals first came before President Wilson, to whom the law gave the authority to pass on the question, he was importuned by the two Senators from Alabama; and I say that without any criticism, because I think they were doing the proper thing for their State. Senator Bankhead and Senator Underwood, both very powerful in the Democratic Party, pleaded with President Wilson, and did everything they could with President Wilson, to get him to decide on the location of this plant at Muscle Shoals in Alabama, and he acceded to their wishes. I state that without complaint, but Alabama was glad to get the expenditure of public money in that vicinity then. Now they say, "You have no right there. You built a dam on our property. You have no right to sell any electricity."

Mr. BLACK. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. BLACK. I have not stated they have no right.

Mr. NORRIS. I have not said the Senator did, but the Senator from Maryland made in substance the very statements I have just repeated. "You are there without right," says he, "you have not any legal authority to do what you are doing." If we have not, then it is a matter for the courts to determine, and I would welcome a determination of that question by the courts, and I would approach it without any fear. If the people of Alabama have not only urged the Government to come, but have sat silently by and seen \$150,000,000 of the taxpayers' money invested there, now can they be heard to say that we should pay taxes on it?

Mr. BLACK. Mr. President, my amendment does not ask for taxes on the property.

Mr. NORRIS. I understand; it is in lieu of taxes.

Mr. BLACK. I have never suggested that, and we have never asked it. The inference is left from the Senator's statement that we are asking taxes on the property. We are simply asking for taxes on the surplus power that is used for distribution.

Mr. NORRIS. It is in lieu of taxes. We would pay on the output down there, just the same as though it were a private party who paid taxes under the laws of the State of Alabama. So there is no difference; it is just the same.

Mr. McKELLAR. Mr. President, I want to call the Senator's attention not only to the fact that the Alabama Senators and Representatives pleaded with President Wilson to establish that plant there, but they secured every particle of help we could give, and we very gladly gave it. Senators from all surrounding States and Representatives from all the surrounding States went before President Wilson and urged, at the request of the Alabama Congressmen, that this be done.

Mr. NORRIS. Mr. President, we propose to build down there some more fertilizer plants. This measure provides for that. This resolution provides for the building of a fertilizer experimentation plant there. It provides for the use of nitrate plant No. 2. If Alabama is going to ask us to pay the equivalent of taxes, we would better locate it some place where the authorities will not expect to levy taxes against Uncle Sam.

Let me say to the Senator that every dollar the Federal Government pays to the treasury of Alabama in taxes is just another dollar less for fertilizer for the American farmer.

Mr. BLACK. Mr. President—

Mr. NORRIS. I have only 15 minutes. I will yield for a question, if the Senator wants to ask a question.

Mr. BLACK. I will not take the Senator's time.

Mr. NORRIS. Mr. President, it does seem to me that Alabama has no just claim upon the Federal Treasury in this respect. But if she has, then it ought to be provided by a general law. In my judgment, we have no more right to say to Uncle Sam down at Muscle Shoals, "You must pay taxes there," than we have to come into my town and ask the Government to pay taxes on the Federal building it has there. It is a governmental function; it is part of the Government of the United States. Shall we construct a dam there under the war power, and then, when we have it constructed, shut it down and not make a single kilowatt? Has there ever been a voice from Alabama raised against the expenditure of public money to equip that

dam with the necessary machinery to make electricity? Have they ever objected to the expenditure of money that would provide for that steam plant to turn out electricity? No; they were glad to get it, always pleading for it. Now they want to penalize the Federal Government by making it pay for every kilowatt they there develop.

Mr. President, if the Government, owning that plant, owning the steam plant, and owning the dam, must remain silent and not produce any electricity for anybody, we would get into a perfect absurdity. If we can not make any electricity there without the consent of Alabama, then we ought to blow up the dam and get out of the country. What would Senators do? Most of those who have been arguing for this proposition would say, "We will lease it." That does not change the theory a particle. If we have no right to make electricity on our own property, we have no right to lease the property to somebody else. Besides, the law says we shall not lease it.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Alabama.

Mr. HEFLIN. Mr. President, I desire to submit a few remarks on that question. The position taken by my colleague is entirely sound. We have never contended that the Government should be taxed upon this property at Muscle Shoals. We have contended always that if the Government used that property for governmental purposes, it was at liberty to do so, under Federal and State laws; no objection would be made by the State. But I submit to all fair-minded Senators that if the Government goes into a State and builds a dam on a stream, generates power, and goes into the market to sell that power in competition with private companies who are making and selling power, that matter becomes one of commerce, and the sale of power bartered to the people within the State is under the jurisdiction of the State, just as the sale of power by the Alabama Power Co. or any other company doing business in a sovereign State is.

If the Government uses that power itself to make fertilizer, nothing is to be said, because the original act said that would be done. If it uses it to make nitrates for itself in time of war, the question of taxation is not raised. But if the Government is to break its promise to the farmer, and violate the provisions of the original act, which required it to use that power to make fertilizer for the farmer, and decides to put it on the market in competition with people who are making it in private enterprise, it is as clear as the noonday sun that it is subject to the jurisdiction of the State law and should be treated as others are treated who are engaging in the same kind of business.

Why not? Is the Senator from Nebraska afraid that the Government can not compete with private concerns if we put the same handicap upon the Government that private concerns must bear? We tax the power of private concerns in our State and other States do the same; but now the Senator from Nebraska is going to put in competition with them a power concern operated by the Government and then say we will turn over this power to that enterprise for so much money, to be sold in the market places of my State and Tennessee, Georgia, and Mississippi, and they are to escape taxation, and my State is to be deprived of that source of revenue because of our action here. Mr. President, I do not see that there is any escape from that conclusion.

The Senator from Nebraska talks about blowing up the dam if we are not satisfied with having it there. We are delighted to have it there. I helped to get it there. We all wanted it there. The Government exercised fine taste and splendid judgment in putting it there. It is the best place in the country for that plant. The Government wanted it away from the seacoast and far in the interior, and we have it at such a place. That plant was not put there to serve private industry. It was put there to serve the Government in time of war and to serve the oppressed farmers of America in time of peace. The Government stated in the outset that when the plant is not used to make nitrates for the Government it must be used to make fertilizer for the farmer.

But now it seems that the question has been resolved into one of how much power Tennessee is going to get and how much Georgia and Mississippi shall get, and just how the power shall be bartered to the people in the various communities of other States. It is not a question of nitrates for the Government now, not one of fertilizer for the farmer now, but a question of power and power distribution—if we are to be guided by the conduct of some Senators.

The Senator from Nebraska speaks of blowing up the dam and blowing up the bridge. He is not doing that, and he is not going to do that. There is grave danger here of blowing up the farmer. He is in grave danger of being blown out of the water. [Laughter.]

The Senator from Tennessee [Mr. McKellar] opposes our having a tax imposed by the State, when this power is sold as other power is sold in the State. Would we not have a right to tax it then? Will anybody say we would not have such a right? Suppose I should lease it for the purpose of selling the power and I commenced to sell it in competition with other companies; would anybody say that the State of Alabama should not tax that power which I was selling? I do not believe there is a Senator here who would take that position. If that were the idea, then all a man would have to do would be to encourage the Government to put up dams and establish plants and lease them, and in that way escape taxation, both Federal and State. Then we would have socialism gone mad; we would have competition by the Government against private capital, private initiative, private enterprise, and private industry. Do we want to go that far? That is the position Senators are taking on this particular amendment.

The Senator from Tennessee [Mr. McKellar] takes the most remarkable and astounding stand that a great deal of the water which comes down through this dam originates in Tennessee. What a remarkable and brilliant suggestion, that this water is not our water, but is the water of Tennessee. I feel like demanding of him to separate it and take it out. That is as brilliant as his suggestion that the water originates up there. [Laughter.]

I am reminded of the story told me by the able Senator from North Carolina [Mr. Simmons]. Old man Sloan, the author and finisher of Sloan's Liniment, made it down there at New Bern, N. C. I have been there and have seen the pine forests where he got his turpentine. I am reminded of that story to-day. Sloan bought a large tract of land from an old fellow down there. After the deal was closed and Sloan had his deed, it dawned on the other fellow that he had sold a very important spring of excellent water. What Sloan wanted in the main was to get this fine water to use in making the liniment. So the man went back to Mr. Sloan and said, "I have sold you the land and the trees and all that, but we have not closed a deal for the spring." Sloan said, "Why, I bought all of the land you had there—the spring goes with it. It is over there in the middle of the tract of land I bought. I bought the spring, I bought the trees, I bought all the stumps, and all the little branch runs, and everything else, and I thought the spring was included." "No, sir," said the old man, "it is my spring and I insist that you pay me for it." Sloan said, "No; I am not going to pay you anything, and I demand that you move it out of there by sundown." [Laughter.]

Yet the Senator from Tennessee, who is not satisfied with getting power at Muscle Shoals to be taken away and distributed in States roundabout, when people in the Muscle Shoals locality have not been served, when the people who were born and reared there have not yet been supplied with power, who by every rule of right and law of justice are entitled to it first before anyone else is supplied, wants to take it out for equitable distribution. I would suggest to the Senator from Tennessee that he get his Tennessee water out of the Tennessee River and let us alone. [Laughter.]

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. HEFLIN. I gladly yield to the Senator from Kentucky.

Mr. BARKLEY. No matter where this water originates, all of it comes into Kentucky, and therefore we would like to be protected in the matter of the distribution of water.

Mr. HEFLIN. I thank the able Senator from Kentucky. He has no desire to decrease the power of the river at Muscle Shoals. I commend his position to the Senator from Tennessee. I was afraid that some Senator would join with the Senator from Tennessee and want to divide up a little more with us down there at Muscle Shoals. If they keep on, there will not be anything left there but the bridge and the dam. Thank God, they can not move the dam. [Laughter.] Mr. President, I find unbounded pleasure in the fact that they can not move the dam. [Laughter.] If they could move that dam, I fear that the Senator from Tennessee [Mr. McKellar] and the Senator from Mississippi [Mr. Harrison] and my good friend the Senator from Georgia [Mr. George] would be seen there some morning just before day dragging it out and taking it away. [Laughter.]

Mr. SMITH. Why before day?

Mr. HEFLIN. They prefer darkness rather than light because their deeds are evil! [Laughter.] I would look for that to happen. After they got it out and away from the river and had dragged it over the mountain and down into the valley, I would look to see them fighting amongst themselves because they could not agree on an equitable division of the dam. [Laughter.]

Why, Mr. President, they have become greatly excited about an equitable distribution of power down there. The original

law provided that we had to make nitrates for the Government, and the plant is there for that purpose. If ever the Government needs it, it has that plant to operate against private monopoly and against foreign monopoly. It gives us independence of other countries and of concerns that might want to lift sky-high the price of those products in this country. That is something to be considered; the plant is there, the dam is there, and, thank God, the river is still there [laughter]; and water will continue to flow out of Tennessee singing its way to the sea in spite of the fact that my friend, the Senator from Tennessee, wants us to pay him for that which gathers in the clouds in Tennessee and comes down upon the bosom of that splendid, fine, and lordly old river flowing through my State. If it needs anything to give it final redemption before it reaches the sea, it would be the purifying process encountered for final salvation as it came through the State of Alabama. [Laughter.]

Mr. President, there has been some talk about the original law. Some Senators are proceeding here like we did not have any original law. What would we have done if we had not had it? It reminds me of the teacher, a tall Ichabod Crane-looking fellow, who said to one of his pupils: "You know the earth is round, don't you?" The boy said, "No, sir." He said, "Well, it is round." The boy said, "Not if what I have been told is true." "What is that?" The boy said, "They say it turns over every night and day; that every 24 hours it revolves." The teacher said, "Yes; that is true." He said, "Well, teacher, if your position is correct on that, the people would fall off of it when it turned over." The teacher said, "Oh, no. They are held on by the law of gravity." Then the boy said, "Well, how did they stay on before Congress passed that law?" [Laughter.]

There is no telling what Congress is going to pass before we get through with Muscle Shoals.

The PRESIDING OFFICER (Mr. BROOKHART in the chair). The time of the Senator from Alabama has expired.

Mr. HEFLIN. I trust that my colleague's amendment will be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the junior Senator from Alabama [Mr. BLACK].

Mr. HEFLIN. Let us have the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. LA FOLLETTE (when Mr. BLAINE's name was called). My colleague the junior Senator from Wisconsin [Mr. BLAINE] is paired with the junior Senator from Utah [Mr. KING] on this question. If present, my colleague would vote "nay."

Mr. BROUSSARD (when his name was called). I have a general pair with the senior Senator from New Hampshire [Mr. MOSES], who is absent. Therefore I withhold my vote.

Mr. FESS (when his name was called). I am paired with the Senator from Michigan [Mr. FERRIS]. I am informed that were he present he would vote as I shall vote. Therefore I shall vote. I vote "nay."

Mr. FLETCHER (when his name was called). I have a general pair with the Senator from Delaware [Mr. DU PONT], who is absent on account of illness. I therefore withhold my vote.

Mr. KING (when his name was called). I have a pair with the junior Senator from Wisconsin [Mr. BLAINE]. I transfer that pair to the senior Senator from Missouri [Mr. REED], and vote "yea."

Mr. SMITH (when his name was called). I have a general pair with the senior Senator from Indiana [Mr. WATSON]. I transfer that pair to the junior Senator from Florida [Mr. TRAMMELL], and vote "nay."

Mr. TYSON (when his name was called). I have a general pair with the senior Senator from West Virginia [Mr. GOFF]. Not knowing how he would vote if present, I withhold my vote. If permitted to vote, I should vote "yea."

The roll call was concluded.

Mr. BRATTON. I have a general pair with the junior Senator from Indiana [Mr. ROBINSON]. Not knowing how he would vote, if present, I withhold my vote.

The result was announced—yeas 13, nays 59, as follows:

YEAS—13

Ashurst	Blease	King	Tydings
Barkley	Bruce	Mayfield	
Bayard	Hayden	Neely	
Black	Heflin	Sheppard	

NAYS—59

Bingham	Couzens	Edwards	Gooding
Borah	Curtis	Fess	Greene
Brookhart	Cutting	Frazier	Hale
Capper	Deneen	George	Harris
Caraway	Dill	Gerry	Harrison
Copeland	Edge	Glass	Howell

Johnson
La Follette
McKellar
McLean
McMaster
McNary
Metcalf
Norbeck
Norris

Nye
Oddie
Overman
Phipps
Ransdell
Reed, Pa.
Robinson, Ark.
Sackett
Schall

Shipstead
Shortridge
Simmons
Smith
Smoot
Steck
Steiner
Stephens
Swanson

Thomas
Wagner
Walsh, Mass.
Walsh, Mont.
Warren
Waterman
Wheeler
Willis

NOT VOTING—22

Blaine
Bratton
Broussard
Dale
du Pont
Ferris

Fletcher
Gillett
Goff
Gould
Hawes
Jones

Kendrick
Keyes
Moses
Pine
Pittman
Reed, Mo.

Robinson, Ind.
Trammell
Tyson
Watson

So Mr. BLACK's amendment was rejected.

CONTRIBUTIONS TO REPUBLICAN CAMPAIGN FUNDS

Mr. WALSH of Montana. Mr. President, I send to the desk and ask to have read by the clerk an article appearing in the New York Times of this morning entitled "Belated indignation."

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

BELATED INDIGNATION

Pending the testimony which Secretary Mellon is expected to give to-day to the Senate committee there must be a suspension of judgment on certain points. But on one there need be no hesitation. The Secretary of the Treasury, like the former chairman of the National Republican Committee, Mr. Hays, like other members of the administration up to the President himself, has shown great loyalty to party. He has kept its secrets. It is true that when late in 1923 Chairman Hays told Mr. Mellon that the \$50,000 in bonds offered as security for a contribution to the Republican fund came from Mr. Sinclair the oil scandal had only begun to break. Mr. Mellon may then have thought little or nothing of the Sinclair coincidence. But later when the details in all their ugliness began to come out in 1924, and when Mr. Hays in that year testified regarding Sinclair's gift to the Republican Party Mr. Mellon could not have failed to be impressed by it. Yet so far as appears he said and did nothing about it. This may have been a fine example of fidelity to party, but was it a model of what a public official faithful to the larger interests of the country should have done?

Secretary Mellon may set the matter in clearer light to-day. But nothing that he or any other Republican leader can now do will recover the moral leadership in dealing with this party scandal. Senator BORAH has done his best to snatch it. He is almost alone among Republicans in Congress to denounce the taking of the Sinclair money at all and to demand that it be repaid as coming from a tainted source. The long evasion or silence by Republicans has naturally given the Democrats a tempting opportunity. Senator ROBINSON came forward yesterday to make the most of it. Anything that Republicans may now propose in the way of contrition or restitution will necessarily have a belated air. They should have taken steps long ago. They should never have consented to sit silent when base deeds were done. Now their political sin has found them out, and they can not wholly escape its punishment. They have given up for party what they should have devoted to political morality, and will have to suffer the consequences. They may repent and in time be forgiven, but it will be long before they can venture again to pose as the party of superior virtue.

Mr. WALSH of Montana. Mr. President, I ask now that there be read at the desk another editorial on the same page entitled "How the English do it."

The VICE PRESIDENT. Without objection, the clerk will read.

The Chief Clerk read as follows:

HOW THE ENGLISH DO IT

On February 1 a firm of London bankers got a judgment for some \$194,000 against a Mrs. Dyne, who had been buying and selling foreign currency, mainly French francs, for a number of years. It was brought out in the trial that three Foreign Office officials, Mr. Gregory, an assistant undersecretary of state; Mr. O'Malley, formerly a first secretary under him and later acting counselor in China; and Lieutenant Commander Maxse, a second secretary, had been speculating in foreign currencies. Mrs. Dyne was the wife of an old schoolmate and friend of Mr. Gregory. Her house seems to have been the meeting place for the discussion of transactions, perhaps innocently undertaken but finally disastrous to everybody concerned.

On that February 1 the Prime Minister appointed three treasury officials as a special board of inquiry. Within less than four weeks their report was in print. They had no power to compel the attendance of witnesses, to hear evidence on oath, or to force an answer from any witness. Everybody came who was asked; and every document sought was furnished. They also deemed themselves authorized to find out if any other civil servants had been speculating. The speed of the proceedings and the readiness of everybody, implicated or not, to give

information are in bitter contrast to what seems to be the settled American practice.

The three gamblers in exchange are distinctly discolored from corruption and from the use of official information in their ventures. But a course of speculative transactions such as they have described ought never to have been entered upon by any civil servant. Least of all ought foreign-exchange speculation to have been undertaken by those to whom, from the nature of their work, the sensitiveness and suspicions of foreign countries can not have been unfamiliar.

Mr. Gregory was dismissed, Mr. O'Malley "permitted to resign." The naval man, newer in the office and imitating his seniors, was reprimanded sternly and loses three years' seniority. Mr. Gregory had been in the office for 26 years. He was an able man, sure to be permanent undersecretary in time. He loses his salary. He loses his pension. He has lost many thousand pounds by forgetting the obligations expected of a civil servant. For him the board sees "no extenuation." The lesson is a sharp one. It shows what the English civil servants must keep in mind. They must not offend Burke's "chastity of honor." From them, says the board, "the public expects a standard of integrity and conduct not only inflexible but fastidious."

Mr. NEELY. Mr. President, I ask unanimous consent to have read and printed in the RECORD an address delivered by the senior Senator from Idaho [Mr. BORAH] last Saturday night before the Idaho Society.

The VICE PRESIDENT. Without objection, the address will be read.

The Chief Clerk read as follows:

ADDRESS BY SENATOR BORAH BEFORE THE IDAHO SOCIETY, SATURDAY,
MARCH 11, 1923

We are approaching the most important event of the political affairs of the Nation—the election of a President. One of the most serious questions connected with that event is whether the election shall be by a minority or a majority vote, whether the people as a whole will take an interest, or whether it will be left to only a small portion of the people. In late presidential elections as high as 51 per cent of the voters in some States have remained away from the polls. What is the remedy? The first and primary remedy is for candidates and political parties to speak candidly and plainly to the people upon subjects in which the people are interested. The most demoralizing and corrupting instrumentality in American politics is that of great political parties deliberately maneuvering and sidestepping with reference to questions of great public interest. The people are not indifferent to these public questions. They are baffled and discouraged because they can not get them squarely and fairly presented. Compare the platforms and campaigns and the presentation of issues years ago with the recent years, and you will have no trouble in determining why the people lose interest and stay away from the polls. A candidate who has no views upon public questions is unfit; a candidate who has views and is afraid to state them is unsafe. A voter is entitled to an opportunity to record his vote in accordance with his conviction, and it is impossible for him to do that unless the issues are fairly presented. A political party which is unwilling to declare upon questions of general and public interest is no longer an instrument of public good, performing a great service, but is a scheming piece of organized chicanery for the utilization of millions of honest voters to the gathering in of patronage and despoiling of the public heritage.

I presume every Republican has of late suffered a deep sense of humiliation. The awful conditions which have been revealed to the voters of the party are as indefensible as they are intolerable. The modern system of avoiding issues which would interest the people and then depending upon organization and money to work up an artificial interest, together with manipulated and managed conventions, have borne fruit. For this condition of affairs the voters of the party are in no sense responsible. The system of running the campaign, permitting men who have business with the Government at Washington to buy their way to favor with vast contributions, the organization method of running conventions and campaigns is responsible. It is time to try another system. Give the people issues and you will not need to sell your soul for campaign funds. Give the voters policies squarely presented, and you will not have to mortgage the future action of the party to concession hunters. There is some evidence that the voters are going to insist upon just these things. There is a feeling that the delegates ought to nominate the next candidate of the Republican Party. There is a feeling that the voters ought to know what a candidate stands for when they vote for him. It is the one great hope for clean politics and clean government.

MUSCLE SHOALS

The Senate, as in Committee of the Whole, resumed the consideration of the joint resolution (S. J. Res. 46) providing for the completion of Dam No. 2 and the steam plant at nitrate plant No. 2 in the vicinity of Muscle Shoals for the manufacture and distribution of fertilizer, and for other purposes.

Mr. HEFLIN. Mr. President, I offer an amendment to section 3 of the Norris joint resolution.

Section 3 reads:

It is hereby declared to be the policy of the Government to distribute the current generated at Muscle Shoals equitably among the States within transmission distance of Muscle Shoals.

I wish to add these words at the end of that section:

Provided, That no such distribution shall be had until the local needs for hydroelectric power have been served, and sufficient power is supplied to manufacture fertilizer at Muscle Shoals.

It strikes me, Mr. President, that that amendment ought to go on this joint resolution. Certainly, the people who live where God has placed this mighty water power ought to have the opportunity to get hydroelectric power to meet their needs. It is nothing but a matter of right and justice; and before any power is distributed we ought to see to it that enough power is kept there to make the necessary amount of fertilizer for the farmer.

The amendment is so short and simple, and so fair and just, that I do not care to discuss it at length.

Mr. BRUCE. Mr. President, just one word in relation to this amendment. I wish to point to it as still another illustration of what I conceive to be the gross injustice on the part of the Senate in not recognizing the primary claim of the State of Alabama to that great natural resource, Muscle Shoals.

Here in one amendment we have the Senators from Alabama asking that the State of Alabama be at least allowed the privilege of taxing those great works which the Government proposes to maintain at Muscle Shoals for the purpose of producing power and fertilizer. We can all realize, of course, what such a privilege would amount to in the way of taxation. In other words, if those works were operated by private enterprise they would be to Alabama one of the most fruitful subjects for taxation within its borders.

That request of the State of Alabama has been rejected by the Senate; and now she comes along and asks that she be allowed to utilize at least the remnant of this power, all of which in its natural state from every standpoint of justice and natural equity is her own, and not the property of the Government at all.

The Senator from Tennessee [Mr. McKellar], of course, has been in favor of this joint resolution consistently from the beginning, it would seem; but even he faltered when he offered that amendment asking that his State, as well as the State of Alabama, be allowed the privilege of taxation which the State of Alabama desires. He might well falter, because the natural, the inevitable effect of the practical workings of this joint resolution when it is put into operation will be to build up industrial cities and towns entirely outside of the limits of the State of Alabama and the State of Tennessee.

What justice is there in that? Suppose the Federal Government should go out on the Columbia River, I say to some of the Senators here from that part of the United States, and establish there great nontaxable works for the purpose of producing power and fertilizer under the conditions prescribed by the pending resolution. Would not the Senators from those States be here protesting against such high-handed spoliation? Of course they would.

Suppose the Government were to go down into the State of Virginia, forsooth, and establish great nontaxable works for the production of power and fertilizer on the James River or on the Roanoke River, and proceed to produce power and fertilizer, leaving, perhaps, to the State of Virginia for its own purposes an amount of power far, far less than that to which it was naturally entitled; would not the Senators from Virginia, too, protest? It is inconceivable to me that Senators should have run out this resolution to its full consequences; that is to say, to the full significance that it bears to local State government, to State sovereignty, to the just distribution of powers effected by the Federal Constitution between the General Government and the States.

Of course, if the Federal Government had not gone down to Muscle Shoals in time of war, and in the exercise of its war powers, it would not dare to go down there and establish works in time of peace for the sheer purpose of producing power and fertilizer, because anybody who has the least familiarity with constitutional law knows that it would have no constitutional authority to do it. It is possible that the General Government might be held to have the lawful power to set up a mere experimental plant for the purpose of experimenting in the production of fertilizers, though it is interesting to bear in mind that when the Federalist was written it was the opinion of no less a person than Alexander Hamilton that this Government had no power to make any pecuniary appropriations of any kind to agriculture for any purpose. That extreme idea has long

ago been abandoned, and I am glad that it has been abandoned as a matter of administrative practice. But I do say, and I insist upon it, that apart from the mere right at the most to establish a plant down at Muscle Shoals for the purpose of experimenting in the production of fertilizer, the Government has no constitutional authority whatever to establish works at Muscle Shoals for the production of power or fertilizer.

Has anybody ever denied that? Has anybody ever produced one single, solitary decision of the Supreme Court of the United States, or of any Federal court, or of any State court, denying that? I had almost said I would defy any Member of the Senate to produce any decision gainsaying that.

Yet, simply because the Government went down to Muscle Shoals during the war and began the setting up of a plant for the purpose of producing nitrates for war purposes, here we are embarking upon one of the most gigantic, one of the most colossal, industrial enterprises that any community, any State, any individual, any combination of individuals, corporate or otherwise, ever undertook to create.

I say it is lamentable that we should have gotten so far along the steep declivity that leads down to an utter obliteration of the true line of partition between the Federal and State authority that we can for a single moment think of giving our assent to a resolution so revolutionary, so subversive of all accepted conceptions of the workings of the Federal Constitution, as this resolution is.

Mr. NORRIS. Mr. President, there are really two thoughts in this amendment. One of them is already provided for by an amendment heretofore adopted. We have already adopted an amendment to this section putting in the word "surplus," so that the Secretary of War is authorized to distribute only the surplus power. So that part of the amendment referring to fertilizer is only a repetition of what we have already provided for, and that is the important part of the amendment.

The balance of the amendment gives to Alabama a preferential right which it seems to me it should not have. It is provided in the resolution that this surplus power—and that means surplus power after fertilizer operations have been attended to and all the other needs of power have been satisfied, like operation of the dam, the lighting of the works, and so forth—

Mr. HEFLIN. I would like to ask the Senator what he understands the word "surplus" to mean there?

Mr. NORRIS. The word "surplus" means, as I understand it—and I think there is no dispute about it—all power that is left after provision has been made, after power has been used to supply what is provided for in the resolution, all of the fertilizer operation, operation of the locks, and so forth.

Mr. HEFLIN. Would that mean the power which was left after the power had been used to answer the needs of commerce in the usual and ordinary channels?

Mr. NORRIS. Oh, no. The joint resolution provides that the Secretary of Agriculture shall have all the power that may be necessary in the operation of these fertilizer requirements placed in the measure. It is unnecessary to enumerate them. After he has been supplied with all the power that he needs, the balance of it is surplus power, as I take it, and the Secretary of War is authorized to distribute that surplus power only.

Mr. HEFLIN. The point I want to get at is this: On yesterday the Senator from Mississippi [Mr. HARRISON] in his speech said that if the people of Alabama wanted power, they would be entitled to their proportionate share of it under this equitable distribution proposition.

Mr. NORRIS. I think so.

Mr. HEFLIN. I do not believe the Senators here mean to vote to commit themselves to the proposition that the power that is doled out to that community under this equitable distribution plan would only supply a fourth of the population right around Muscle Shoals, and that they would deny the other three-fourths.

Mr. NORRIS. I would not want to do anything of that kind. Let me finish my explanation of it. I believe that it would be the duty of the Secretary of War to supply those people within any reasonable limits. But suppose under the Senator's amendment the little town of Muscle Shoals, having, I understand, about 150 people in it, or something in that neighborhood, should say to the Secretary of War, "How much surplus power have you?" and the Secretary would say, "I have about 60,000 horsepower," they would say, "We want it all."

Mr. HEFLIN. I do not mean that.

Mr. NORRIS. I know the Senator does not. Suppose they should say, "We want it all," and then they should advertise to the world, "We have 60,000 horsepower here for factories; come and put them up in our midst."

Mr. CARAWAY. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. CARAWAY. Mark you, this amendment would not afford a chance to sell the power to Mississippi, although Mississippi might pay three times as much.

Mr. NORRIS. Absolutely.

Mr. CARAWAY. Alabama could take it at whatever price they wanted to pay.

Mr. NORRIS. Suppose a municipality did not pay for it, and the power that was left there went to a distributing company. Who would get it? The Alabama Power Co. would get it.

I do not want to take up the time of the Senate, but I certainly do not want to take away from those local communities any reasonable amount of power they may need in their requirements, and I take it that the Secretary of War would not think of doing such a thing.

Mr. BRUCE. Mr. President, I would like to ask the Senator from Nebraska just one question. Why should not the State of Alabama have all this power? Why should any other State have any part of it until the demands of Alabama were gratified?

Mr. NORRIS. In my judgment, they should not have all the power. The power has been provided for by public money. The dam is on a stream that comes through a great many States. The funds of the Treasury of the United States have been used for the purpose of building all the works that have been established there. It belongs, therefore, to all the people of the United States, in my judgment, and the power ought to be distributed within transmission distance. That is as far as we can distribute it.

Mr. BRUCE. The other States that border on this stream of course have the right, at any time they may get private capital to invest in such enterprises, to utilize the power of the stream. The people of Tennessee have the right to get all the power they can from that stream before it reaches Alabama. They have a perfect right, it seems to me, to monopolize the power for State purposes if they see fit to do so as a matter of State policy.

The PRESIDING OFFICER (Mr. McNARY in the chair). The present occupant of the chair will announce to the Senator that he has talked once before on the pending amendment, and under the unanimous-consent agreement he is entitled to speak but once on any amendment.

The question is on agreeing to the amendment offered by the Senator from Alabama [Mr. HEFLIN].

Mr. HEFLIN. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. LA FOLLETTE (when Mr. BLAINE's name was called). My colleague [Mr. BLAINE] is paired on this question with the junior Senator from Utah [Mr. KING]. If my colleague were present, he would vote "nay" on this amendment.

Mr. BRATTON (when his name was called). I have a general pair with the junior Senator from Indiana [Mr. ROBINSON]. In his absence, I withhold my vote.

Mr. FESS (when his name was called). I am paired with the Senator from Michigan [Mr. FERRIS], who is absent. I understand that if the Senator from Michigan were present and permitted to vote he would as I shall vote. I, therefore, vote. I vote "nay."

Mr. FLETCHER (when his name was called). Making the same announcement as to my pair as before, I withhold my vote.

Mr. KING (when his name was called). I have a pair with the junior Senator from Wisconsin [Mr. BLAINE]. I transfer my pair with that Senator to the senior Senator from Missouri [REED], and vote "yea."

Mr. OVERMAN (when his name was called). I have a general pair with the senior Senator from Wyoming [Mr. WARREN]. He being absent, I withhold my vote.

Mr. SMITH (when his name was called). Making the same announcement as to my pair and its transfer as before, I vote "nay."

Mr. TYSON (when his name was called). I have a general pair with the Senator from West Virginia [Mr. GORE], who is absent. Not knowing how the Senator from West Virginia would vote if present, I withhold my vote.

The roll call was concluded.

Mr. BROUSSARD. Making the same announcement as before with reference to my pair, I withhold my vote.

The result was announced—yeas 13, nays 58, as follows:

YEAS—13

Ashurst	Bruce	King	Tydings
Bayard	Dill	Phipps	
Black	Hayden	Smoot	
Blease	Hefflin	Stack	

NAYS—58

Barkley	George	McMaster	Shortridge
Bingham	Gerry	McNary	Simmons
Borah	Glass	Mayfield	Smith
Brockhart	Gooding	Metcalfe	Steiner
Capper	Greene	Neely	Stephens
Caraway	Hale	Norbeck	Swanson
Copeland	Harris	Norris	Thomas
Couzens	Harrison	Nye	Wagner
Curtis	Howell	Oddie	Walsh, Mass.
Cutting	Johnson	Ransdell	Walsh, Mont.
Deneen	Jones	Reed, Pa.	Waterman
Edge	Kendrick	Robinson, Ark.	Wheeler
Edwards	La Follette	Sackett	Willis
Fess	McKellar	Sheppard	
Frazier	McLean	Shipstead	

NOT VOTING—23

Blaine	Fletcher	Moses	Schall
Bratton	Gillett	Overman	Trammell
Broussard	Goff	Pine	Tyson
Dale	Gould	Pittman	Warren
du Pont	Hawes	Reed, Mo.	Watson
Ferris	Keyes	Robinson, Ind.	

So Mr. HEFLIN's amendment was rejected.

Mr. BLACK. Mr. President, I offer the amendment I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. Add at the end of section 3 the following proviso:

Provided, That all power produced on navigable streams of other States within transmission distance of Alabama shall be equitably divided with the State of Alabama.

Mr. BLACK. Mr. President, it does not make any difference who produces the power at a stream, whether it is the Government or a private corporation or an individual, that power should be divided according to the same principle. Our idea has been all of this time that it should go according to the natural channels of commerce, not propelled by any artificial legislative power, and not to be stopped or clogged by any legislative action. If it is fair for the States around Alabama to have it provided that the power produced in that State must be equally divided with them, I want Senators who believe in the doctrine of fair play to vote that we shall also have a fair part of their power.

Mr. BRUCE. Mr. President, it is a very unsatisfactory thing to have to deliver a speech, so to speak, on the installment plan, but I was cut off from an opportunity to run out the line of thought that I was pursuing in my colloquy with the Senator from Nebraska [Mr. NORRIS].

I asked the Senator why should not the State of Alabama monopolize this power? He said, because the Government has gone down there and established certain physical works. That is no answer. The Government went there for the purpose of producing war nitrates, and those works were established with that view, and with that view alone. But of course the fact that works of that kind have been erected because of the exigencies of a state of war is no reason why they should be now turned to an illegal and unconstitutional purpose, that is to say, the purpose of producing power and fertilizer generally as industrial ventures.

Let me give a practical concrete illustration of the logic of what I have been saying in this connection. Some time ago the Philadelphia Electric Co. came down to Maryland and wished to establish a great dam at Conowingo on the Susquehanna River, which is one of the great streams of the United States, a stream that is capable of developing an immense amount of power.

If Senators were to see that dam as it has been constructed, they would say that if it had been constructed in ancient times it would have been denominated the eighth wonder of the world, so massive is it, costing as it did \$52,000,000 and requiring for its structure, as it did, such a vast mass of material. It is one of the grandest things of the kind in the United States.

Now, what did the State of Maryland do? It did what the State of Virginia would have done under the same circumstances. It did what the State of Arkansas would have done under the same circumstances. It did what any other State represented by Senators upon this floor would have done under the same circumstances. It insisted that the power of that river should not be utilized elsewhere than in Maryland until all the just and reasonable demands of the State of Maryland were first gratified. So that great company came to Annapolis and got a legislative permit from the State of Maryland to construct the dam, and it was constructed subject to two conditions, not to speak of any conditions that may have been of a relatively immaterial character—first, that electric light and power should be furnished by the company from that dam to the people of Maryland at reasonable rates, and secondly, that no power from the dam should pass out of the State of Maryland until the

local demands of the State of Maryland were first honored and gratified. That was done as between two States of the Union. The company accepted those terms, and to-day it is about to operate under them. That is what happened when the question of priority arose between two sovereign States of the Union in relation to a water power.

The only reason why the same principle is not recognized in the pending joint resolution is because of the overriding, tyrannical will of the Federal Government. That is all. It is no respecter of persons. It apparently is so high above the level of mere statehood that it can substitute its arbitrary mandates at pleasure for the interests and welfare of the States.

The Federal Government says to the State of Alabama—and how different was the attitude of the State of Pennsylvania toward the State of Maryland in the instance which I have cited—"Yes; it is true that I have established those works at Muscle Shoals only because of the exigencies of an existing state of war. It is true that they were established with no expectation of turning them to the general purposes of power or industrial production. But now that I have established them, it makes no difference to me what the people of Alabama say, it makes no difference to me what their natural and equitable claims upon me are, I will simply exercise the unbounded power that resides in me and produce power at Muscle Shoals which may be distributed not merely to the people of Alabama, not even primarily to them, but to any State that I please, whither it can be physically transmitted.

"I do not care for their claims about State sovereignty. They have given me enough trouble already in the course of my history. I will pay no heed to such claims. I will distribute this power in such manner that great cities and towns, perhaps, on the strength of it, may spring up outside of the State altogether, perhaps in the State of Mississippi, or perhaps in the State of Tennessee or some other State immediately adjoining or not too remote from Muscle Shoals. I will leave practically nothing to the State of Alabama itself, notwithstanding the fact that God Himself was so good as to place this great power within its boundaries."

Mr. TYDINGS. Mr. President, will my colleague yield?

The PRESIDING OFFICER (Mr. STECK in the chair). Does the Senator from Maryland yield to his colleague?

Mr. BRUCE. With pleasure.

Mr. TYDINGS. Not in the liquor sense of the word, but it looks like the joint resolution has taken on a form of intoxication. [Laughter.]

Mr. BRUCE. Yes; the worst form of intoxication, that which is bred by the oppressive and unconscionable exercise of power.

No, Mr. President, some Senators, I am sure, are not realizing the real nature, the real tendencies of the pending resolution. Surely Senators are not willing to do the gross, almost unprecedented, violence which the resolution proposes to do to State sovereignty, to the principle of local self-government, which is the very foundation stone of our institutions. The resolution is nothing less—and I say it without the slightest hesitation—than an absolutely monstrous, indefensible infraction of the principles that have heretofore governed the relations of the States to each other as respects such conditions as those at Muscle Shoals and, I had almost said, though the time, perhaps, has passed for saying that the relations of the States themselves to the General Government.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Alabama [Mr. BLACK].

The amendment was rejected.

The PRESIDING OFFICER. The joint resolution is still before the Senate as in Committee of the Whole and open to amendment.

Mr. HARRISON. Mr. President, I desire now to offer the substitute which is at the clerk's desk. I do not desire to have it read again, unless some one wants to have it read, because it is quite long, and I think it is quite familiar to the membership of the Senate.

Mr. HARRISON's amendment, in the nature of a substitute, was to strike out all after the resolving clause and to insert:

That the United States nitrate fixation plants Nos. 1 and 2, located respectively, at Sheffield, Ala., and Muscle Shoals, Ala., together with all real estate and buildings used in connection therewith; all tools, machinery, equipment, accessories, and materials thereunto belonging; all laboratories and plants used as auxiliaries thereto, the Waco limestone quarry in Alabama, and any others used as auxiliaries of said nitrogen plants Nos. 1 and 2; also Dam No. 2, located in the Tennessee River at Muscle Shoals, its power house, its auxiliary steam plants, and all of its hydroelectric and operating appurtenances, together with all machines, lands, and buildings now owned or hereafter acquired in connection therewith, are hereby dedicated and set apart to be used for

national defense in time of war and for the production of fertilizers and other useful products in time of peace.

SEC. 2. Whenever in the national defense the United States shall require all or any part of the operating facilities and properties or renewals and additions thereto, described and enumerated in the foregoing paragraph of this act, for the production of materials necessary in the manufacture of explosives or other war materials, then the United States shall have the immediate right, upon five days' notice to any person or persons, corporation, or agent in possession of, controlling, or operating said property under any claim of title whatsoever, to take over and operate the same in whole or in part, together with the use of all patented processes which the United States may need in the operation of said property for national defense.

The foregoing clauses shall not be construed as modified, amended, or repealed by any of the subsequent sections or paragraphs of this act, or by indirection of any other act.

SEC. 3. In order that the United States may have at all times an adequate supply of nitrogen for the manufacture of powder and other explosives, whether said property is operated and controlled directly by the Government or its agents, lessees, or assigns, under any and all circumstances at least 10,000 tons the third year, 20,000 tons the fourth year, 30,000 tons the fifth year, and thereafter 40,000 tons of fixed nitrogen must be produced annually on and with said property, and no lease, transfer, or assignment of said property shall be legal or binding on the United States unless such adequate annual production of fixed nitrogen is guaranteed in such lease, transfer, or assignment.

SEC. 4. Since the production and manufacture of commercial fertilizers is the largest consumer of fixed nitrogen in time of peace, and its manufacture, sale, and distribution to farmers and other users, at fair prices and without excessive profits, in large quantities throughout the country is only second in importance to the national defense in time of war, the production of fixed nitrogen as provided for in this act shall be used, when not required for national defense, in the manufacture of commercial fertilizers. In order that the experiments heretofore ordered made may have a practical demonstration, and to carry out the purposes of this act, the lessee or the corporation shall manufacture nitrogen and other commercial fertilizers, mixed or unmixed, and with or without filler, according to demand, on the property hereinbefore enumerated, or at such other plant or plants near thereto as it may construct, using the most economic source of power available, with an annual production of these fertilizers that shall contain fixed nitrogen of at least 10,000 tons the third year, 20,000 tons the fourth year, 30,000 tons the fifth year, and 40,000 tons the sixth year: *Provided*, That if after due tests, and the practical demonstration of six years herein provided for, it is demonstrated to the satisfaction of the lessee or the corporation that nitrates can not be manufactured by it without loss, the lessee or the corporation shall cease such manufacture and shall report to the Congress all pertinent facts with respect to such costs with its recommendation for such action as the Congress may deem advisable.

The farmers and other users of fertilizer shall be supplied with fertilizers at prices which shall not exceed 8 per cent above the cost of production.

SEC. 5. That the President is hereby authorized and empowered to lease the properties, either separately or as a whole, enumerated under section 1 of this act, with proper guaranties for the performance of the terms of the lease, for a period not to exceed 50 years: *Provided*, That said lease shall be made only to an American citizen, or citizens, or to an American owned, officered, and controlled corporation; and, if leased, in the event at any time the ownership in fact or the control of such corporation should directly or indirectly come into the hands of an alien or aliens, or into the hands of an alien owned or controlled corporation or organization, then said lease shall at once terminate and the properties be restored to the United States. The Attorney General of the United States is given full power and authority, and it is hereby made his duty to proceed at once in the courts for cancellation of said lease in the event said properties are found to be alien owned or controlled and are not voluntarily restored. The lessee being required and obligated to carry out in the production of nitrogen and the manufacture and sale of commercial fertilizer the purposes and terms enumerated in sections 1, 2, 3, and 4 of this act, and such other terms not inconsistent therewith as may be agreed to in the lease contract. The lessee shall pay an annual rental for the use of said property an amount that shall not be less than 4 per cent on the total sum of money expended in the building and construction of Dam No. 2 at Muscle Shoals and the purchase and emplacement of all works and machinery built or installed in connection therewith for the production of hydroelectric power: *Provided*, That in addition to the annual rental herein stipulated, the lessee shall set up and maintain an adequate reserve as fixed in the lease for depreciation, upon which the United States shall have a prior lien, in connection with the following properties, to wit: (1) Dam No. 2 and power equipment; (2) the steam-electric plants at nitrate plants No. 1 and No. 2; and (3) nitrate plant No. 2. Such reserve for depreciation shall at all times be of such an amount that when added to the physical value of such property at any time shall at least equal the

appraised value thereof when turned over to the lessee: *Provided further*, That in case of nitrate plant No. 1, excluding power plant, the value thereof shall be appraised at the time said property is turned over to the lessee and provision made in lease for the lessee's accounting for the value of such property at the termination of lease. The lease shall also provide the terms and conditions under which the lessee may sell and dispose of the surplus electric power created at said plants. The lease shall also provide for the protection of navigation at said Dam No. 2 and the operation of the locks connected therewith. The lease contemplated in this section shall be made with the understanding that the United States shall complete and have ready for operation Dam No. 2 and the locks connected therewith, together with the plants and machinery for the production of electric power, and that after the lease is entered into the lessee shall maintain the property covered by the lease in good repair and working condition for the term of the contract.

Time shall be made of the essence of the contract herein provided for, and failure on the part of the lessee to comply with the terms of said contract shall render the same terminable at the option of the United States, provided that written notice of the exercise of such option shall be served upon the lessee at any time within one year following any breach of said contract. Whereupon the property covered by said lease shall be turned over, without expense, to the United States upon demand, and said lessee shall be liable for any damage sustained by the United States as a consequence of said lease and the acts of said lessee.

SEC. 6. In the event the President is unable to make a lease under the terms of the power herein granted to him before the 1st day of September, 1928, then the United States shall maintain and operate said properties described in section 1, in compliance with the terms and conditions set forth in sections 1, 2, 3, and 4 of this act, and under the power and authority prescribed and granted in the following sections of this act.

SEC. 7. That the President is hereby authorized and empowered to designate any five persons to act as an organization committee for the purpose of organizing a corporation under authority of, and for the purposes enumerated in, this act.

ORGANIZATION

The persons so designated shall, under their seals, make an organization certificate, which shall specifically state the name of the corporation to be organized, the place in which its principal office is to be located, the amount of capital stock, and the number of shares into which the same is divided, and the fact that the certificate is made to enable the corporation formed to avail itself of the advantages of this act. The name of the corporation shall be the Muscle Shoals Corporation.

The said organization certificate shall be acknowledged before a judge of some court of record or notary public, and shall be, together with acknowledgment thereof, authenticated by the seal of such notary or court, transmitted to the President, who shall file, record, and carefully preserve the same in his office. Upon the filing of such certificate with the President as aforesaid, the said corporation shall become a body corporate, and as such, and in the name Muscle Shoals Corporation, have power—

First, to adopt and use a corporate seal;

Second, to have succession for a period of 50 years from its organization, unless it is sooner dissolved by an act of Congress, or unless its franchise becomes forfeited by some violation of law;

Third, to make contracts, and no such contract shall extend beyond the period of the life of the corporation;

Fourth, to sue and be sued, complain, and defend in any court of law or equity;

Fifth, to appoint by its board of directors such officers and employees as are not otherwise provided for in this act; to define their duties, to fix their salaries, in its discretion to require bonds of any of them, and to fix the penalty thereof, and to dismiss at pleasure any of such officers or employees;

Sixth, to prescribe by its board of directors by-laws not inconsistent with law regulating the manner in which its general business may be conducted and the privileges granted to it by law may be exercised and enjoyed; and

Seventh, to exercise by its board of directors or duly authorized officers or agents all powers specifically granted by the provisions of this act and such incidental powers as shall be necessary to carry on the business for which it is incorporated within the limitations prescribed by this act, but such corporation shall transact no business except such as is incidental and necessary preliminary to its organization until it has been authorized by the President to commence business under the provisions of this act.

The corporation shall be conducted under the supervision and control of a board of directors, consisting of five members, to be selected by the President. The directors so appointed shall hold office at the pleasure of the President. The President shall designate a chairman of the board, who shall have power to designate one of the others as vice chairman. The vice chairman shall perform the duties of chair-

man in the absence of the chairman. Not more than two of such directors shall be appointed from offices in the War Department.

The board of directors shall perform the duties usually appertaining to the office of directors of private corporations and such other duties as are prescribed by law.

POWERS OF THE CORPORATION

The corporation shall have power—

(a) To purchase, acquire, operate, and develop in the manner prescribed by this act and subject to the limitations and restrictions thereof the following properties owned by the United States:

1. United States nitrate-fixation plants Nos. 1 and 2, located, respectively, at Sheffield, Ala., and Muscle Shoals, Ala., together with (a) all real estate used in connection therewith; (b) all tools, machinery, equipment, accessories, and materials thereunto belonging; (c) all laboratories and plants used as auxiliaries thereto, the Waco limestone quarry in Alabama, Dam No. 2 at Muscle Shoals and the hydroelectric power plant connected therewith, together with the steam plants used as auxiliaries of the United States fixed nitrogen plants Nos. 1 and 2, together with all other property described in section 1 of this act.

2. To construct, purchase, maintain, and operate all such buildings, plants, and machinery as may be necessary for the production, manufacture, sale, and distribution of fixed nitrogen and other forms of commercial fertilizer.

3. Any other plants or parts of plant, equipment, accessories, or other properties belonging to the United States, which are under the direct control of the President or of the War Department, and which the President may deem it advisable to transfer, convey, or deliver to said corporation for use in connection with any of the purposes of this act or for any purpose incidental thereto.

(b) To acquire, establish, maintain, and operate such other laboratories and experimental plants as may be deemed necessary or advisable to assist it in furnishing to the United States Government and others, at all times, nitrogen products for military or other purposes in the most economical manner and of the highest standard of efficiency.

(c) To sell to the United States such nitrogen products as may be manufactured by said corporation for military or other purposes.

(d) To sell any or all of its products not required by the United States to producers or users of fertilizers or to others: *Provided*, That in the sale of such products not required by the United States Government preference shall be given to those persons engaged in agriculture: *Provided further*, That if such products are sold to others than users of fertilizers the corporation shall require as a condition of such sale the consent of the purchaser to the regulation by the corporation of the prices to be charged users for the products so purchased or any product of which the products purchased from the corporation shall form an ingredient.

(e) The operation of the hydroelectric power plant and steam power plants at Muscle Shoals and the use and sale of the electric power to be developed therefrom that is not required to carry out the terms imposed by sections 1, 2, 3, and 4 of this act.

(f) To enter into such agreements and reciprocal relations with others as may be deemed necessary or desirable to facilitate the production and sale of nitrogen products on the most scientific and economical basis.

(g) To purchase, lease, or otherwise acquire United States or foreign patents and processes or the right to use such patents of processes.

(h) To obtain from the United States or from foreign governments patents for discoveries or inventions of its officers or employees as a condition of their employment to enter into agreements with the company that the patents for all such discoveries or inventions shall be and become in whole or in part the property of the corporation.

(i) To assume any or all obligations of the United States entered into in connection with the construction, maintenance, and operation of the plants to be transferred to the corporation under the provisions of this act.

(j) To deposit its funds in any Federal reserve bank or with any member bank of the Federal reserve system.

(k) To sell and export any of its surplus products not purchased by the United States or by persons, firms, or corporations within the United States.

(l) To invest any surplus of available funds not immediately used for the operation, construction, or maintenance of its plants or properties in United States bonds or other securities issued by the United States.

(m) To lease or purchase such buildings or properties as may be deemed necessary or advisable for the administration of the affairs of the corporation or for carrying out the purposes of this act; and with the approval of the President to lease to other persons, firms, or corporations, or to enter into agreements with others for the operation of such properties not used or needed for the purposes named herein. In the operation, maintenance, and development of the plants purchased or acquired under this act the corporation shall be free from the limitations or restrictions imposed by the act of June 8, 1916, and shall be subject only to the limitations and restrictions of this act.

CAPITAL STOCK AND BONDS

The capital stock of the corporation shall consist of 100 shares of common stock of no par value. The corporation shall also issue an amount of 20-year bonds bearing interest at the rate of 5 per cent per annum which shall be a first lien on the property of the corporation and in an amount not to exceed \$50,000,000, to be sold from time to time as needed to carry out the purpose of this act: *Provided*, That the principal and interest of said bonds shall be paid by the Secretary of the Treasury out of funds in the Treasury not otherwise appropriated, upon default at any time in payment as herein provided by the corporation. The terms for the sale of said bonds shall be approved by the President. If at the end of any fiscal year after the eighth year after the commencement of business, as authorized by the Secretary of War, the corporation shall not have earned net sums sufficient to meet the interest on said bonds, as evidenced by audits of the accounts of said corporation by the President, the corporation shall forthwith cease operations and shall not resume until authorized so to do by the Congress.

In exchange for the properties purchased or acquired from the United States and from time to time transferred, conveyed, or delivered to the corporation by the President or the Secretary of War, and for all unexpended balances now under the control of the Secretary of War and applicable to the nitrate plants at or near Muscle Shoals, Ala., the corporation shall cause to be executed and delivered to the President a certificate for all of the common stock of the corporation. The certificate shall be evidence of the ownership by the United States of all stocks of the corporation.

In consideration of the issuance of such common stock to the President, the President is authorized and empowered to transfer, convey, and deliver to the corporation all of the real estate, buildings, tools, equipment, supplies, and other properties belonging to, used by, or appertaining to the plants and properties to be acquired by the corporation under the terms of this act, and to transfer, convey, and deliver, as and when he may deem it advisable, any other equipment, accessories, plants or parts of plants, or other property referred to in this act and which the corporation is authorized to acquire or purchase from the United States under its provisions.

DISTRIBUTION OF EARNINGS

All net earnings of the corporation not required for its organization, operation, and development shall be used—

(a) To pay interest on the bonds and create a fund for their payment;

(b) To develop and improve its plants and equipment;

(c) To create a reserve or surplus fund until such fund amounts to \$2,500,000;

(d) The remainder to be paid as dividends on the stock into the Treasury of the United States as miscellaneous receipts.

MISCELLANEOUS

The corporation shall not have power to mortgage or pledge its assets, or to issue bonds secured by any of its properties; except as hereinbefore provided.

The United States shall not be liable for any debts, obligations, or other liabilities of the corporation.

The corporation and all of its assets shall be deemed and held to be instrumentalities of the United States and as such they and the income derived therefrom shall be exempt from Federal, State, and local taxation. The directors, officers, attorneys, experts, assistants, clerks, agents, and other employees of the corporation shall not be officers or employees of the United States within the meaning of any statutes of the United States, and the property and moneys belonging to said corporation, acquired from the United States, or from others, shall not be deemed to be the property and moneys of the United States, within the meaning of any statutes of the United States.

The accounts of the corporation shall be audited under the regulations to be prescribed by the President, who shall annually report to Congress a detailed statement of the fiscal operations of said corporation.

SEC. 8. That the President is hereby authorized and directed to complete the construction of Dam No. 3 and the necessary approach to the locks in Dam No. 2 in the Tennessee River at or near Muscle Shoals, Ala., in accordance with report submitted in House Document 1262, Sixty-fourth Congress, first session: *Provided*, That the President may in his discretion make such modifications in the plans presented in such report as he may deem advisable in the interest of power or navigation.

SEC. 9. The surplus power not required under the terms of this act for the manufacture of nitrogen or fertilizer shall be sold for distribution.

SEC. 10. That as a condition of any lease, entered into under the provisions of this act, every lessee hereunder which is a public-service corporation, or a person, association, or corporation developing, transmitting, or distributing power under the lessee either immediately or otherwise, for sale or use in public service, shall abide by such reasonable regulation of the services to be rendered to customers or consumers of power, and of rates and charges of payment therefor, as may from time to time be prescribed by any duly constituted agency of the State

in which the service is rendered or the rate charged. That in case of the development, transmission, or distribution, or use in public service of power by any lessee hereunder or by its customer engaged in public service within a State which has not authorized and empowered a commission or other agency or agencies within said State to regulate and control the services to be rendered by such lessee or by its customer engaged in public service, or the rates and charges of payment therefor, or the amount or character of securities to be issued by any of said parties, it is agreed as a condition of such lease that jurisdiction is hereby conferred upon the commission created by the act of Congress approved June 10, 1920, upon complaint of any person aggrieved or upon its own initiative, to exercise such regulation and control until such time as the State shall have provided a commission or other authority for such regulation and control: *Provided*, That the jurisdiction of the commission shall cease and determine as to each specific matter of regulation and control prescribed in this section as soon as the State shall have provided a commission or other authority for the regulation and control of that specific matter.

SEC. 11. That when said power or any part thereof shall enter into interstate or foreign commerce the rates charged and the service rendered by any such lessee, or by any subsidiary corporation, the stock of which is owned or controlled directly or indirectly by such lessee, or by any person, corporation, or association purchasing power from such lessee for sale and distribution or use in public service shall be reasonable, nondiscriminatory, and just to the customer and all unreasonable discriminatory and unjust rates or services are hereby prohibited and declared to be unlawful; and whenever any of the States directly concerned has not provided a commission or other authority to enforce the requirements of this section within such State or to regulate and control the amount and character of securities to be issued by any of such parties or such States are unable to agree through their properly constituted authorities on the services to be rendered or on the rates or charges of payment therefor, or on the amount or character of securities to be issued by any of said parties, jurisdiction is hereby conferred upon the said commission, upon complaint of any person aggrieved, upon the request of any State concerned, or upon its own initiative to enforce the provisions of this section, to regulate and control so much of the services rendered, and of the rates and charges of payment therefor as constitute interstate or foreign commerce and to regulate the issuance of securities by the parties included within this section, and securities issued by the lessee subject to such regulations shall be allowed only for the bona fide purpose of financing and conducting the business of such lessee.

The administration of the provisions of this section, so far as applicable, shall be according to the procedure and practice in fixing and regulating the rates, charges, and practices of railroad companies as provided for in the act to regulate commerce, approved February 4, 1887, as amended, and that the parties subject to such regulation shall have the same rights of hearing, defense, and review as said companies in such cases.

In any valuation hereunder for purposes of rate making no value shall be claimed or allowed for the rights granted by this act or under any lease executed thereunder.

SEC. 12. If any clause, sentence, paragraph, or part of this act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

SEC. 13. No lease made under the terms of this act shall be transferred without the approval of the President of the United States.

The right to amend, alter, or repeal this act is hereby expressly reserved.

Mr. HARRISON. Mr. President, briefly, I desire to state what is in this proposal. We have reached almost the end of the limit, and a little analysis of just what the Senate has done will not be amiss.

The joint resolution that is now before the Senate—I am not speaking of the substitute—after these amendments have been adopted, provides for Government ownership and operation of the transmission lines as well as distribution of power in certain cases. It provides also for the experimental manufacture of fertilizer through the synthetic process and through the cyanamide process.

This should be a very happy day for the Senator from Nebraska [Mr. NORRIS], and I congratulate him upon his achievements, because he has openly and avowedly for many years in the Senate of the United States voted for and advocated Government operation of Muscle Shoals. I must say, however, that I am a little surprised at the action of some other Senators in standing for that theory.

Mr. President, the proposal that I have offered is simple. It is to the point. I have offered it in the hope that it might be a compromise wherein the Members of the Senate might get together upon some proposition that was not wholly a Government ownership and operation proposition.

This substitute first proposes to lease the Muscle Shoals properties for 50 years, with the distinct understanding and condition that 40,000 tons of fixed nitrogen shall be manufactured annually. It is not limited to fertilizer of one kind, but commercial fertilizers of every kind shall be manufactured. In six years' time, if a lease can be obtained, it will be manufactured. The farmers of the country will receive their lower-priced fertilizers. Indeed, the proposal limits to 8 per cent the profits that shall be made out of the fertilizer, and the surplus power shall be sold and the rates regulated by the various agencies of the States; and if there is no agency to regulate them, then they shall be regulated by the Federal Water Power Commission. In the event that there can be no lease obtained under the provisions that protect the taxpayers of the country, which are sound and sensible provisions, then the Government shall step in; and, through a corporation provided for the purpose, shall manufacture fixed nitrogen to the amount of 40,000 tons annually, and the surplus power shall be distributed.

Mr. President, this proposal, following the adoption of certain amendments that were made by the Senate at the time, was before the Senate for weeks, and was the conception in major part of a very distinguished Member of this body, a man whose loss has been felt by the public life of the Nation as well as the Senate of the United States.

I say without fear of contradiction that no man has graced the Senate of the United States in the last 50 years who possessed more ability, who had finer poise and a stronger sense of justice in his heart, than Oscar W. Underwood. He was a man whom it was a pleasure to follow, because he thought in straight lines. He was never charged with being a radical; neither was he charged with being too much of a conservative to overlook fair play, equity, and justice. This substitute in large part came from his massive brain; and as I speak in behalf of it to-day I can not but feel the spirit of this man who is not here in person, but whose achievements we all remember.

Mr. President, I do not think more need be said about this proposal. I shall be glad to answer any questions with respect to it; but, if it should be adopted, the Muscle Shoals question is away from the Congress. Fertilizers will be manufactured, and the people—the farmers, especially—will get the benefits therefrom. These provisions in the pending joint resolution are but experiments. The question must come back to Congress in time. The substitute I have offered has in it a provision to the effect that experiments of every character shall be carried on, and that the smallest amount of power shall be utilized to make these fertilizers economically and cheaply.

We never can get together upon a bid, as I have stated before, because we have tried here for nearly 10 years to agree upon a bid. Some of us thought that the Ford proposal was all right. Others thought that it was not all right; and time was frittered away until Mr. Ford withdrew his proposal. Then we appointed a commission to investigate and accept these bids. They went into the question fully; they made their recommendations; and the recommendations were never considered by the House or the Senate of the United States. We must delegate this authority to someone if the Muscle Shoals question is to be settled; and in this substitute proposal the authority is delegated to the President of the United States to make the lease. If we fail in that, then the Government shall step in and not do experimental work alone, but shall make fertilizers.

I ask for the yeas and nays upon my substitute.

Mr. NORRIS. Mr. President, I do not know whether it is advisable, or whether I am called upon, to take up the time of the Senate at this late hour of the day to discuss this proposition. We have voted once upon an amendment offered by the Senator from Mississippi that in my judgment was a power proposition pure and simple, a leasing proposition; and this is another, except that it goes a great deal further. It provides for the building of another dam from the Federal Treasury. It provides for the leasing—

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. NORRIS. Yes.

Mr. HARRISON. It simply gives authority for the building of a dam. It does not provide an appropriation for the building of any dam.

Mr. NORRIS. No; it provides no appropriation.

Mr. HARRISON. It merely gives authority.

Mr. NORRIS. All you have to do in any law to build a dam is to provide an authorization for an appropriation. We pass the law authorizing it, and then it is in order to move on an appropriation bill at any time to appropriate for it.

Mr. HARRISON. If I am not mistaken, I have heard the Senator from Nebraska many times say that not only should Dam No. 2 be utilized but Dam No. 3 should be built, and Cove Creek Dam should be built.

Mr. NORRIS. Yes, Mr. President; I have said it many times. I said at the beginning that we ought to have a governmental survey that should take this river and its tributaries from the source to the mouth, and build dams wherever the engineers, after proper investigation, said there should be dams; but the Senate turned it down. I advocated that for many and many a Congress; and, although I received a favorable report from the committee, I lacked a few votes of getting it through the Senate. That was the ideal thing to do.

Mr. President, the joint resolution that comes before us now from the committee is a compromise; and it seems to me it ought to have the backing and the assistance of every Senator who has been here during these weary years when we have been fighting about Muscle Shoals. It is not what I want to do. It is not the ideal thing. I surrendered my view, and those who believe in leasing propositions had their day in court. You had the committee. You had a joint commission composed of men of your belief. You had your own way; and many and many are the Senators in this body who have told me—and I have down here the record of the speeches of many of you who told it in the Senate—"Let us try this once more. Let us try once more private operation of this governmental property; and, if we fail, then there is nothing left but Government operation."

We have done it. We have gone on. We have given you full sway. You have had your own way. You have tried it time and time again, and you admit your failure; and we ought now to have the backing and the support of every man, including the Senator from Mississippi, for a proposition that is a compromise, providing that the Government shall take its own property, built by the money of the taxpayers of the United States, and not lease it, as the law said we should not lease it when we appropriated every dollar of the taxpayers' money that went into this property. Every dollar that has ever been appropriated has been appropriated in the face of the law that says it shall not be leased.

The Senator says he heard me say that I want to build Dam No. 3. I will build Dam No. 3 at any time, as far as I am concerned, with public money; but I am not in favor of using public money from the Treasury of the United States to build Dam No. 3 or any other dam and then turning it over to private parties. If you are going to turn it over to private parties, let them put up their own money.

Now, we are asked again by this amendment to lease this property after these many years when you had opportunities to lease; and what does it mean? I can not, within the limits of my time, go into an explanation of what I think it would mean; but it would mean the turning over, if it is leased under this substitute, of the property at Muscle Shoals to the Alabama Power Co. I do not think you can get away from it. There is not any other bidder. There is not anybody else who is equipped as they would be equipped; or, if there is any other bidder, it is another member of the same combination of which the Alabama Power Co. is a member.

I am not an enemy of the Alabama Power Co. I am not condemning them. I have not been finding fault with or objecting to their activities. They have a right to do what they are doing; but I am opposed to turning over the Government property down there to the Alabama Power Co. when we know in advance that any power that is distributed will never be distributed at a penny less a kilowatt-hour to the people who get it. Moreover, this substitute provides that after they have made nitrates for six years, if it does not pay, if the nitrate part of it is not profitable, then they can stop, and they have all the power of this great dam and another one to be constructed, and of this steam plant. They could afford to make nitrate and pile it up for six years and quit, and I would not blame them for doing it. Neither would you. We can not expect anybody to operate at a loss, and I think it has been demonstrated that nitrate plant No. 2 can not be operated at a profit and undersell present prices, and the men who would buy it would know it. As Mr. Bell, the head of the Cyanamid Co., said in his testimony, every bid that is being made is a power bid; I do not care how you disguise it by a beautiful fertilizer name, or give it a fertilizer odor if you want to. It is power just the same, power; and if you get fertilizer under the cyanamide process, you will have to subsidize it by giving it enough cheap power to make up the losses. But under this amendment they would make it only for a certain number of years and then they would quit. It is another plan which would have the effect, unintentionally, perhaps, of nullifying everything the Government of the United States has done down there for the benefit of the people. It would turn that proposition over to the Power Trust, and if that is what Senators want to do, here is the opportunity to do it. This substitute would accomplish that result.

I want to notify Senators now, I want to tell the country now, that it is being done with Senators' eyes open. It does not need any argument, after all these years of discussion, to convince this body, I take it, that the only company equipped properly to lease this property is the Alabama Power Co. There is nothing here that will insure, even when they get it, any benefit to the ultimate consumer of power.

Let me say, in conclusion, that if this substitute is agreed to Muscle Shoals will be dead, the benefits that would have come to the people will all disappear, and I appeal to Senators who have never agreed with me in all this long, weary fight, who thought I was wrong in the fight, but who have said over and over again, "We can not keep this always. If we can not lease it or handle it through private corporations or private parties, the time must come when we will cease to fool with it."

We appointed a joint committee to take up the matter. There was nobody on the joint committee who believed as I believe, and I think the Senate will remember that I even refused to go on the joint committee, because I said, "You have voted for a proposition here to lease this property, which I do not believe in. I can not honorably serve on that committee. Men ought to serve on that committee who are in favor of that kind of legislation."

A committee composed of that kind of men was appointed, an able committee, who honestly and conscientiously went into the investigation of this proposition from their standpoint, and Senators know that nothing was accomplished; it all resulted in failure. I have seen and I have heard dozens of Senators in this body say, "This is the last trial. If private operation does not work now, I am going to take Government operation of Muscle Shoals."

Senators, it is our property, we paid for it, it belongs to the people of the United States, we are not going into business by this resolution. In my judgment, every kilowatt that is sold down there, if this resolution of the committee shall pass, will be sold at the switchboard. We are not interfering with State rights. After we have used all the electricity that may be necessary in the fertilizer operation the rest will be sold, in my judgment, every kilowatt of it, at the switchboard.

It is true that the resolution provides that the Secretary of War shall have authority to build transmission lines, and under the proper conditions he ought to exercise that authority, but that is put in the resolution, as everybody knows, to place him on an equality with everybody else. If he did not have that right, there is only one concern that would get it, and again it would be the Alabama Power Co., because that is the only corporation that is physically connected with Muscle Shoals by a distributing system. So we come back to this, "You have had your day in court, you have not been able to succeed, and this starts you out again on a wild-goose chase; this opens it up for more bids, going all over the ground you have gone over before."

Mr. President, it seems to me under these circumstances there can be but one logical thing to do, that is to agree to this compromise, accept what we have all said so many times we would accept in case these other attempts to lease all proved to be failures.

Mr. HARRISON. Mr. President, of course it is easy to say that all this would benefit the Power Trust.

The VICE PRESIDENT. The Senator has already spoken once upon the amendment.

Mr. HARRISON. I have not spoken upon the joint resolution, I will say to the Vice President.

The VICE PRESIDENT. The Senator may proceed upon the joint resolution.

Mr. HARRISON. Such statements about the Power Trust do not deter me. It is easy to charge that what one is trying to do is to help some special interest. I know there are certain papers in the country that accept what the Senator from Nebraska or some other Senator may state, but that should not influence Senators when they are trying to do what they think is right. I have no sympathy with all of the newspaper notoriety and many editorials that were written recently charging Senators who voted to amend the Walsh resolution by having the Federal Trade Commission make the investigation with being tools of the great Power Trust of the country. I was not one of those who voted to have the Federal Trade Commission make the investigation, but I know that every Senator who did so was voting conscientiously what he thought was for the best interests of the country.

The Senator may talk about this substitute being in the interest of the Alabama Power Co. For six years I served on the Committee on Agriculture and Forestry, of which the distinguished Senator from Nebraska happened to be chairman, and during that time day after day we considered the Muscle Shoals question. I feel that I know at least something about

it, not only because I was interested in the subject matter but because Muscle Shoals lies at the very door of my own State. Time after time the Alabama Power Co. made its fight here to thwart the acceptance of the Ford bid, which I favored and which the Senator from Nebraska opposed. The Alabama Power Co., of course, was interested in the defeat of it, but it would be unfair for me to say that because the Senator from Nebraska was on the side of the Alabama Power Co. at that time he was an adherent of the power people.

I remember, too, when a little later on the Alabama Power Co. presented a bid for Muscle Shoals. I fought that bid because I did not think it was fair. The Senator says a committee was appointed to study this question. Yes; and the committee's actions were defeated because the distinguished Senator from Nebraska employed his talents and the wonderful influence that he wields here in the Congress to prevent even the consideration of the recommendations of that committee.

Yes; and I am not forgetful of the fact that when the proposal of the substitute which I offer now was passed by the Senate, the distinguished Senator from Nebraska, chairman of the committee, refused to go on the conference committee because, he said, he was not in sympathy with it.

The Senate was not in sympathy with his views. Why should he suggest now that the Senate should change position and say, "We are in favor of Government ownership of transmission lines and distribution of power to the consumers of the country, as well as the manufacture of fertilizer"?

I submit this question to the better judgment of the Senate. If you want to defeat this proposal, which has had careful consideration, then vote the substitute down. What I have done is what I believe to be in the interest of the farmers of this country, and to see this great natural resource developed.

These proposals advocated by the Senator from Nebraska are merely experiments. If it is said this is an Alabama Power Co. proposition, I say that there is a provision that they shall manufacture 40,000 tons of fixed nitrogen, equivalent to 250,000 tons of Chilean saltpeter which comes into this country annually. I do not care, if a lease is made, who may get it provided they comply with the conditions and restrictions provided in the legislation.

The people of my State, in every little community where the power companies have not come, want them to come. Those companies have brought new industries there. They are helping to make the South what the South should be, and I am not disposed to unjustly criticize them.

If the Alabama Power Co. can come under the regulations and restrictions and conditions of this legislation, let them do it, and let them make fertilizer. The fertilizer will be just as good for the soil of Mississippi, Alabama, or Nebraska made by the Alabama Power Co., if they can comply with the restrictions, as if made by anybody else.

Let us write the provisions. Let the President make the lease if the bidders come up to the conditions, and let us care nothing as to who gets it, provided they come up to the restrictions.

Mr. HEFLIN. Mr. President, I will detain the Senate for but a moment. The situation that confronts me is not at all pleasing. There are some good provisions in the substitute, and some not so good. There are some good provisions in the Norris resolution, and some that are bad.

So candor compels me to say that neither one of these measures is satisfactory to me. I am reminded of a story that Congressman Cushman, of the State of Washington, once told in the House when confronted with a situation somewhat like this.

A man had stolen a horse out in the great State of Washington, and the citizens of that and neighboring communities apprehended him. They tied him with a plow line, and took him out in the woods to execute him on a bright moonlight night. While they were making ready to dispose of him one of the gentlemen said in his hearing, "Let's shoot him." Another one said, "No; let's hang him." Some insisted on hanging him while others preferred to shoot him. Finally a considerate and kind-hearted man said, "Let's consult him and get his 'ruthers' about it. He may prefer shooting to hanging." Finally they said, "Well, stranger, what do you say about it?" He said, "Well, I am more interested than any of you, but I can't enthrone over either one of the plans suggested." [Laughter.]

Mr. HARRISON. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. LA FOLLETTE (when Mr. BLAINE's name was called). My colleague the junior Senator from Wisconsin [Mr. BLAINE] is paired on this question with the junior Senator from Utah

[Mr. KING]. If my colleague were present, he would vote "nay."

Mr. BROUSSARD (when his name was called). I have a pair with the Senator from New Hampshire [Mr. MOSES]. If that Senator were present he would vote as I expect to vote. Therefore I am free to vote. I vote "yea."

Mr. FESS (when his name was called). I am paired with the Senator from Michigan [Mr. FERRIS]. I transfer that pair to the Senator from Massachusetts [Mr. GILLET], and vote "yea."

Mr. FLETCHER (when his name was called). I have a general pair with the Senator from Delaware [Mr. DU PONT]. I am advised that if he were present he would vote as I intend to vote. I vote "yea."

Mr. KING (when his name was called). I have a general pair with the junior Senator from Wisconsin [Mr. BLAINE]. In his absence I withhold my vote.

Mr. OVERMAN (when his name was called). I have a general pair with the senior Senator from Wyoming [Mr. WARREN]. Not knowing how he would vote, in his absence I withhold my vote. If I were permitted to vote, I would vote "nay."

Mr. PHIPPS (when his name was called). On this vote I have a pair with the senior Senator from Oklahoma [Mr. PINE]. In his absence I withhold my vote.

Mr. SMITH (when his name was called). I have a pair on this vote with the Senator from Indiana [Mr. WATSON]. I understand that if he were present he would vote "yea." If I were allowed to vote, I would vote "nay."

Mr. TYSON (when his name was called). I have a general pair with the Senator from West Virginia [Mr. GOFF]. I understand that if he were present he would vote as I shall vote. I therefore vote. I vote "yea."

The roll call was concluded.

Mr. BRATTON. I have a general pair with the junior Senator from Indiana [Mr. ROBINSON]. I understand that if he were present he would vote "yea." If permitted to vote I should vote "nay" on this question.

Mr. KING. I transfer my pair with the junior Senator from Wisconsin [Mr. BLAINE] to the senior Senator from Missouri [Mr. REED], and vote "yea."

Mr. FLETCHER. I desire to announce that my colleague the junior Senator from Florida [Mr. TRAMMELL] is necessarily absent.

The result was announced—yeas 26, nays 48, as follows:

YEAS—26

Bayard	Edge	Hawes	Smoot
Bingham	Edwards	King	Steck
Broussard	Fess	McLean	Stephens
Bruce	Fletcher	Metcalf	Tydings
Curtis	Greene	Ransdell	Tyson
Dale	Hale	Reed, Pa.	
Deneen	Harrison	Sackett	

NAYS—48

Ashurst	Frazier	La Follette	Sheppard
Barkley	George	McKellar	Shipstead
Black	Gerry	McMaster	Simmons
Blease	Glass	McNary	Steiner
Borah	Gooding	Mayfield	Swanson
Brookhart	Harris	Neely	Thomas
Capper	Hayden	Norbeck	Wagner
Caraway	Heflin	Norris	Walsh, Mass.
Copeland	Howell	Nye	Walsh, Mont.
Couzens	Johnson	Oddie	Waterman
Cutting	Jones	Robinson, Ark.	Wheeler
Dill	Kendrick	Schall	Willis

NOT VOTING—20

Blaine	Goff	Phipps	Shortridge
Bratton	Gould	Pine	Smith
du Pont	Keyes	Pittman	Trammell
Ferris	Moses	Reed, Mo.	Warren
Gillett	Overman	Robinson, Ind.	Watson

So Mr. HARRISON's amendment in the nature of a substitute was rejected.

Mr. BLACK. Mr. President, I desire to make a statement on the joint resolution itself. I have not yet taken any of my time on the joint resolution.

Mr. SACKETT. Mr. President, will the Senator yield to me?

Mr. BLACK. I yield.

Mr. SACKETT. I desire to offer a further amendment. If the Senator wishes to speak on the joint resolution before the amendment is offered, I am perfectly willing to wait, or he can talk on the amendment after it is offered.

Mr. BLACK. It does not make any difference. I only intend to speak for two or three minutes. I will wait until the Senator has offered his amendment.

Mr. SACKETT. I offer an amendment in the nature of a substitute to the pending measure which is printed and has been lying on the table for some time.

The VICE PRESIDENT. The amendment will be read for the information of the Senate.

The Chief Clerk proceeded to read the amendment.

Mr. NORRIS. Mr. President, does the Senator from Kentucky insist on having his substitute read?

Mr. SACKETT. Not unless the Senate wants to hear it.

Mr. NORRIS. Apparently the Senate is not listening to it.

Mr. KING. Mr. President, I should like to have it read. If I am to vote on it, I want to know something about it.

The Chief Clerk resumed and concluded the reading of the proposed amendment, which is entire as follows:

Strike out all after the resolving clause and insert in lieu thereof the following:

"That it is hereby declared to be the policy of the Congress in regard to the properties at Muscle Shoals, Ala., including therein Dam No. 2, the steam plant at nitrate plant No. 2, and the nitrate plant No. 1, together with the steam plant connected therewith—

"(1) To utilize the water-power facilities of such properties (except nitrate plant No. 1 and the steam plant connected therewith) so as to produce the highest annual revenue by the lease thereof, except that in any such lease there shall be reserved the use of sufficient power to light and operate the locks and canals in and about Dam No. 2 for the purposes of navigation, and such power as may be necessary to enable the Secretary of War to satisfy the requirements of the Secretary of Agriculture as provided in section 8 of this resolution.

"(2) To use said annual revenues to develop the manufacture and distribution of concentrated fertilizer and promote its use upon the farms of the Nation.

"(3) To provide for the operation of nitrate plant No. 1, together with the steam plant connected therewith, by the Secretary of Agriculture, as hereinafter provided.

"(4) To provide for the construction or reconstruction of plants and facilities for the manufacture of such fertilizer or of fertilizer elements in large-scale operations, to the end that costs of manufacture may be reduced to a minimum.

"Sec. 2. (a) In order to encourage the lease of the water-power facilities at Muscle Shoals upon the most advantageous terms to the Government, the Secretary of War is hereby authorized to install in Dam No. 2 the additional power units according to the plans and specifications of said dam, and the additional power unit in the steam plant at nitrate plant No. 2: *Provided*, That the Secretary of War shall not install the additional power unit in said steam plant until, after investigation, he is satisfied that the foundation of said steam plant is sufficiently stable or has been made sufficiently stable to sustain the additional weight made necessary by such installation.

"(b) In lieu of such installation, the Secretary of War may, in his discretion, (1) provide in any lease of the water power and facilities herein authorized that the lessee may complete Dam No. 2 and the steam plant at nitrate plant No. 2 by installing such additional units according to the plans and specifications of such dam and such plant at the nitrate plant No. 2, or in either of them in whole or in part, and (2) contract to purchase such additions for the Government at the termination of the lease on fair and reasonable terms which shall allow for interest, depreciation, and obsolescence, ordinary wear and tear excepted.

"Sec. 3. The Secretary of War is hereby empowered and authorized to lease said steam plant and said dam to any State, corporation, or individual in accordance with the policies herein set forth, and to enter into a contract for such lease for a term not exceeding 15 years from a date not later than the 1st day of January, 1929. In the lease of such property the Secretary of War shall be governed by the policy of obtaining for the Government the largest annual rentals possible from responsible parties, such rentals to be payable monthly, and shall require from the lessee satisfactory security for the payment of rentals.

"Sec. 4. In order to place the Secretary of War upon a fair basis for making such contract, he is hereby expressly authorized, either from appropriations made by Congress or from funds obtained from such leases, to construct, lease, or authorize the construction of transmission lines within the economic transmission distance in any direction from said Dam No. 2 and said steam plant.

"Sec. 5. The moneys received by the Secretary of War from leases of any of said properties, after deducting the cost of administration and the cost of constructing transmission lines, if any, shall be paid into the Treasury of the United States, and the same shall be segregated and set aside as a special fund for developing, manufacturing, and introducing improved fertilizers and fertilizer elements, and for developing and introducing fertilizer practices, for the purpose of reducing the cost and increasing the efficiency and use of fertilizers on American soils. Moneys in the fund are hereby appropriated for such purposes.

"Sec. 6. The Secretary of Agriculture is hereby authorized and directed, within the limits of such fund derived from rentals and appropriations made by Congress from the Treasury of the United States—

"(a) To construct, maintain, and operate experimental or production plants anywhere in the United States for the manufacture and distribution of fertilizer or any of the ingredients comprising concentrated

fertilizers and, in his discretion, to abandon any of such plants and construct other plants;

"(b) To contract with commercial producers for the production of such fertilizers or fertilizer materials as may be needed in the Government's program of development and introduction in excess of that produced by Government plants. Such contracts may provide either for outright purchase by the Government or only for the payment of carrying charges on special materials manufactured at the Government's request for its program;

"(c) To arrange with farmers, and farm organizations and other distributing mediums, for large-scale practical use of the new forms of fertilizers under conditions permitting an accurate measure of the economic return they produce; and

"(d) To contract with such farmers and farm organizations and other distributing mediums to pay the special costs and losses, if any, sustained by them as a direct result of such use of the new fertilizer or fertilizer practices during the initial or experimental period of their introduction.

"Sec. 7. Revenue obtained from the sale of fertilizer or fertilizer materials shall be paid into the Treasury of the United States and shall become a part of the special fund hereinbefore provided.

"Sec. 8. The Secretary of Agriculture may locate one fertilizer plant within the economic distribution distance for electric power from Muscle Shoals, Ala., and there shall be turned over to him nitrate plant No. 1, together with the steam plant connected therewith, and such other buildings, houses, dwellings, and shops there located as may be necessary for the use of the Secretary and his employees in the construction, maintenance, and operation of such plant. When such fertilizer plant is thus located or established in the vicinity of Muscle Shoals, and the Secretary of Agriculture in the operation of the same either requires more power than can be supplied from said steam plant located at nitrate plant No. 1, or for any reason desires other power than that which can be produced at said steam plant located at nitrate plant No. 1, then such additional power shall be supplied by the Secretary of War at a cost of \$15 per annum per horsepower required from said Dam No. 2 or said steam plant located at nitrate plant No. 2.

"Sec. 9. Both the Secretary of War and the Secretary of Agriculture shall report in detail to Congress, on the first Monday in December of each year, their operations under this resolution.

"Sec. 10. In order that the Secretary of Agriculture may not be delayed in carrying out the program authorized herein for the production of fertilizer or fertilizer elements through the erection of suitable plants and facilities or the abandonment of same and the construction of other plants, the sum of \$10,000,000, or so much thereof as may be necessary, is hereby authorized to be appropriated for that purpose from the Treasury of the United States."

Mr. SACKETT. Mr. President, I call the attention of the Senate to the meat of the amendment which I have offered as a substitute for the pending joint resolution. It is contained in a few lines, beginning in section 3, which empower and authorize the Secretary of War to lease the steam plant and the dam "to any State, corporation, or individual in accordance with the policies" set forth in the amendment, "and to enter into a contract for such lease for a term not exceeding 15 years from a date not later than" January 1, 1929. I wish to say to the Members of the Senate that that provision constitutes the real difference between the proposed substitute and the joint resolution of the Senator from Nebraska [Mr. Norris]. We have approached the "parting of the ways" in this discussion; and the amendment which I offer differs from the original joint resolution in the fact that it does not provide for Government operation of the power plant.

The Senator from Nebraska and I have both incorporated the same provisions for the manufacture of nitrogen and for the development of processes, but my amendment proposes to increase the amount to be devoted to that purpose to \$10,000,000, in place of \$2,000,000 under the joint resolution, because the evidence taken before the special committee shows that it will require \$10,000,000 to build a plant for the manufacture of synthetic nitrogen. My substitute differs from the joint resolution only in regard to the handling of the power at Muscle Shoals.

I am opposed in every way to the Government going into private business fields. I think the way in which to handle Muscle Shoals, now that the time has passed when it is valuable for the purpose for which it was intended, is to obtain for the Government the largest amount of money that can be derived from the power at Muscle Shoals, and to use that money in the development of the nitrogen process.

We can not secure a high rental for the great power plant there if we load the lease down with restrictions. If we provide how the lessee shall use the property we are going to put a limit upon the amount of money which we can obtain for its use. If we are going to put a restriction upon it and consequently receive a lower rental we must receive a benefit

that is commensurate with the amount of money which it has cost us to so limit his use of it.

The Senator from Nebraska, throughout a long contest, has held and argued that by the Government operation of Muscle Shoals we would get a reduction in the price of electricity in the immediate neighborhood, and set such an example in reducing prices of electric current that it would form a standard of comparison for the country as a whole; that it would give a great advantage to the consumers who were able to obtain that electric current at low rates, and that that current sold at the lower prices, would be worth the price of embarking on a scheme of Government ownership and operation. I addressed the Senate the other day on this subject. We are all tired of listening to speeches about Muscle Shoals, but I wish to say that the point I then made, and the reason I gave for amending the joint resolution, lies in the fact that I firmly believe that the Senator from Nebraska will be disappointed in the results which are to come from the Government experiment. The Senator from Nebraska made the statement on the floor a few moments ago that he believed that under his resolution every bit of the power would be sold at the stations at Muscle Shoals. If the power is to be sold at the stations at Muscle Shoals it can not be of any greater advantage to the people who ultimately use it than the difference between the cost of production in that power plant at Muscle Shoals and the cost of production in any modern steam plant operating within that vicinity.

I made the statement on Friday of last week that the cost of production of electricity from water power and the steam plant at Muscle Shoals was about four-tenths of a cent a kilowatt. I made the statement also that a modern steam plant, with up-to-date machinery to-day, operating in the vicinity of Muscle Shoals on a large scale, produces electricity at six-tenths of a cent a kilowatt; that the difference between the two is one-fifth of a cent a kilowatt; and that when that difference is translated to the bill of the ultimate consumer—the small consumer, whom we have to consider, which usually runs from 5 to 7 cents a kilowatt—it is too infinitesimal to be appreciated in this bill under any modern business methods. Therefore, I say that, so far as the bill of the ultimate consumer is concerned, the advantage which could be gained under Government operation as between Muscle Shoals and any modern steam plant must be limited to that difference in the cost of production. That difference in the cost of production of one-fifth of a cent is not a sufficient warrant, in my judgment, for us to change the policy of the Government which has been in force ever since the time of the fathers of the Nation, that the Government itself should not go into private, competitive business. If the measure advocated by the Senator from Nebraska shall be adopted that is what the Government will be doing. That point has not been stressed in this argument to anything like the extent which the proposed manufacture of fertilizer has been stressed. The great point of the departure from policy has been belocled by the discussion of fertilizer. So far as fertilizer is concerned, the result will be the same in either case; it will be manufactured under the supervision of the Department of Agriculture. Therefore, as between these two proposals, the fertilizer question is unimportant. The great question which confronts us is, Will we support the idea of putting the Government into business in competition with private enterprise?

I grant you, Mr. President, that such an amendment as I present may afford public utilities now in existence an opportunity to operate Muscle Shoals. If the power shall be sold at the bus bar to any private enterprise, either individual or corporation, the State of Alabama will take its taxes directly from the operator. It will not be robbed of its tax rights, as it will be under the pending joint resolution. Under my proposed substitute, the State of Alabama will have just as much right to have all the power, if she pays more for it, than any neighboring State, whereas under the joint resolution the power must be distributed to the neighboring States and the State of Alabama will be robbed.

However, above and beyond all that, are we going to put this Government into business in competition with private enterprise? Whatever may be the effect of the ultimate disposition of Muscle Shoals by the method which I propose, if the Senator from Nebraska sees fit to characterize it as a "sell-out" to the Power Trust, I ask the Senate to remember it is only the effect of the action; it is not the cause of the action. Let us not confuse cause with effect. I am willing to take the responsibility, because I stand for a cause, namely, that the Government of the United States shall not engage in private business. Although adherence to that policy may have the effect of placing the property under the operation of somebody the Senator does not like, I stand for the cause and not for the effect. It is an

honest opinion; it is an opinion that has been gained through years of study of business relations and business life. I dislike to see the Senate turn on its heel and depart from a principle that it has upheld for generations and make the Government a competitor with private initiative in business enterprises in these United States. I ask for a vote upon the amendment I have offered.

Mr. NORRIS, Mr. BLACK, and Mr. DENEEN addressed the Chair.

The VICE PRESIDENT. The Senator from Nebraska.

Mr. NORRIS. Mr. President, I will only take a few minutes of the time of the Senate. The Senator from Kentucky refers to the Senate departing from the rule that has been followed for a great many years which keeps the Government out of business. If the joint resolution as reported by the committee puts the Government into business, it is because the Senate itself and the Congress departed from that rule when the original act was passed providing for the development of Muscle Shoals.

Mr. SACKETT. Mr. President, will the Senator from Nebraska yield?

Mr. NORRIS. Yes.

Mr. SACKETT. The Senator will remember that when the Senate passed the original act it was thought that the building of the dam and the erection of the power houses at Muscle Shoals was absolutely necessary for the development of the cyanamide process for the manufacture of nitrogen from the air. It was supposed at that time—

Mr. NORRIS. I hope the Senator will not make a speech, because my time is limited.

Mr. SACKETT. I am not going to make a speech.

Mr. NORRIS. If the Senator wishes to ask me a question, I will be glad to answer.

Mr. SACKETT. I wish to say that it was understood at that time that that was the purpose for which the power was to be developed. Times have changed.

Mr. NORRIS. Mr. President, it was understood at that time that we wanted to satisfy the people of the United States whose money we were going to use that we were going to use it for their benefit and not for the benefit of private enterprise or private corporations. That was the idea; that was the reason we passed the law, and that law has been on the statute books ever since. As trustees of the people's money, whenever we have taken a dollar from the Treasury of the United States for Muscle Shoals, we have taken it under that law. I do not understand how any Senator can now claim, unless he can give some reasonable excuse for it, that we should fly in the face of that law and lease the property, which we have tried to lease for nearly 10 years and have never made a success of the effort. If we shall make a lease under the proposed substitute of the Senator from Kentucky there will be only one bidder. That bidder will probably lease Muscle Shoals, if the amendment should finally be adopted, because under the Senator's proposal the lessee is not required to make a pound or an ounce of fertilizer. Therefore his proposed substitute does not even have the saving grace of the amendment which we have just voted down. The Senator from Kentucky proposes to lease Muscle Shoals. Who will be the lessee? There is only one company that can lease it.

It is true that the Senator's proposed substitute provides that it may be leased to a State, to a county, to a municipality; but everybody knows that no State, no county, no municipality is going to bid for the dam and the steam plant at Muscle Shoals. They have not any legal authority to do it. None of them will make a bid. The Alabama Power Co., standing there as the only corporation and the only institution and the only legal person that has physical connection with Muscle Shoals, will be the lessee.

Mr. President, of course it goes without saying that I concede to the Senator from Kentucky the conscientious conviction that I know he possesses. I am not one who has said, and I do not know of anybody else who has said, "This is a sell out to the power companies," as he intimated it had been said. If such an expression was used it was not in connection with anybody who is advocating a lease being moved by any motive that is dishonorable. I think that is the effect of the Senator's substitute. His fertilizer provisions are practically the same as those that were in the joint resolution reported from the committee; so it possesses none of the amendments that I think improve it. It has no requirement about fertilizer that applies to nitrate plant No. 2. It lacks the other provision that if any of this power is leased to a distributing company there shall be a limitation put upon the price that that distributing company shall charge to the ultimate consumer, and that limitation shall be that the price shall not exceed what the Federal Power Commission thinks is fair and just and reasonable. No such provi-

sion is in the Senator's substitute. If it is leased to the Alabama Power Co., not a single consumer, in my judgment, will get one penny of reduction—not a cent. They are getting the power now right after the Alabama Power Co. is getting it; and, as I have repeatedly said, no consumer has received the benefit of it.

So, Mr. President, I join with the Senator in asking for a vote.

Mr. BLACK. Mr. President, I agree thoroughly with the criticism made of the substitute of the Senator from Kentucky [Mr. SACKETT]. It does not provide fertilizer, as was originally planned.

I wish to make this statement with reference to the situation as I see it as one of the representatives of Alabama at this time.

I stated in the beginning of this debate that I was wedded to no idea and wedded to no plan. I was in favor of any plan which might be proposed that would, in my judgment, guarantee fertilizer to the farmers. At the time I opposed the joint resolution of the Senator from Nebraska with all the force that I could, there was no provision whatever, as I saw it, for the manufacture of fertilizer. There was no appropriation which made it possible; and, in fact, there was nothing in the joint resolution at that time, in my judgment, except a sale of power, the proceeds to be used for experimentation.

Since that time, due to the good judgment and excellent work of a number of Members of the Senate, this joint resolution has been very substantially amended. It still is not the measure that I should like to see written; but I realize that legislation is a matter of compromise. No one can obtain all that he desires in the way of legislation. I know that the Senator from Nebraska has yielded on many points in order to bring about a settlement of this controversy. I appreciate very much, as a representative of Alabama, the efforts that have been put forth here diligently to bring about a proper solution of this question. In my judgment, the joint resolution as now written will provide fertilizer for the American farmer at a lower rate than that at which he has been accustomed to buy it; and for that reason I expect to vote for the joint resolution of the Senator from Nebraska as it has been amended. I realize that there are several features in the joint resolution that in my opinion are fundamentally wrong; and yet, if something of this kind is not done, the discussion on this floor must convince every Senator that it will be impossible to make such a disposition of Muscle Shoals that any benefit to the American farmer can result.

Mr. DENEEN. Mr. President, I offer three amendments to the substitute of the Senator from Kentucky.

The VICE PRESIDENT. The amendments to the amendment, in the nature of a substitute, will be stated.

The CHIEF CLERK. On page 2, line 3, after the word "the," it is proposed to strike out the word "water."

Mr. SACKETT. Mr. President, these are amendments to my substitute, simply in order to perfect one or two of its provisions.

Mr. McKELLAR. I was just going to ask that question.

Mr. SACKETT. I accept all of the amendments. There are only three of them.

The CHIEF CLERK. On page 4, line 2, after the word "lease," it is proposed to insert "provided a rental is obtained that is satisfactory to the Secretary of War."

On page 4, line 3, after the figures "1929," it is proposed to insert:

In the event that the Secretary of War shall not be able to enter into a lease which is satisfactory to him, he is empowered and authorized to sell at the switchboard the current generated at said steam plant and said dam to States, counties, municipalities, corporations, partnerships, or individuals, according to the policies set forth herein.

The VICE PRESIDENT. The Senator from Kentucky accepts the modifications suggested by the Senator from Illinois. The question is on the amendment, in the nature of a substitute, as modified.

Mr. HEFLIN. Mr. President, if I had my way I would have the Senate accept the Madden-Willis bill with some very important amendments. I think it is the best plan submitted to Congress for making fertilizer for our farmers. I do not surrender my convictions upon that question, or my right to support those provisions in the future if I have an opportunity to do so. I am not satisfied with the Norris joint resolution; neither am I satisfied with the substitute offered by the Senator from Kentucky [Mr. SACKETT].

The Norris joint resolution has some good provisions in it. It has been strengthened by the amendment of the Senator from Tennessee [Mr. McKELLAR], and very much strengthened by the amendment offered by the Senator from Arkansas [Mr.

CARAWAY], as well as by the amendment put on it just recently by the Senator from Nebraska [Mr. NORRIS] providing \$10,000,000 to finish the work on Dam No. 2 and to do the work in connection with the production of fertilizer at Dam No. 2. These particular provisions were placed in the resolution in response to the demand made by me and my colleague for something definite and specific touching the propositions covered by them.

I should like to support those provisions. I do not like to support the provision that puts the Government in any kind of business. Not having the opportunity to vote for a better proposition and being very anxious to do something that will start the use of power at Muscle Shoals for making fertilizer for the farmer, I am forced to make a choice between the Norris resolution as amended and another proposition not as good. We are assured under the joint resolution as it now stands that we can get a considerable amount of fertilizer manufactured at plant No. 2 at Muscle Shoals. In view of these improvements made in the joint resolution and in the hope that when it gets over to the House we may be able to swap off the Government operation feature of it for the provisions of the Cyanamid bid, which provide for making fertilizer on a larger scale, I shall vote for the Norris joint resolution as amended.

The VICE PRESIDENT. The question is on the amendment, in the nature of a substitute, offered by the Senator from Kentucky [Mr. SACKETT], as modified.

The amendment, in the nature of a substitute, as modified, was rejected.

The VICE PRESIDENT. The joint resolution is still in Committee of the Whole and open to amendment.

Mr. NORRIS. Mr. President, I desire to suggest another amendment that I think ought to be made to the joint resolution.

In section 2, which has been made section 6, the joint resolution provides that the Secretary of War shall be authorized to enter into contracts for the sale of power for terms not exceeding 10 years from the 1st day of January, 1929. By adding to the joint resolution the Caraway amendment we have made it necessary for experiments to be made with the cyanamide process that may take a year or two; I do not know just how long. They may not take that long, and they may take longer. So it seems to me we ought to strike out the words "from the 1st day of January, 1929," and leave the Secretary of War the authority to enter into contracts for a term not exceeding 10 years; and I offer that amendment.

Mr. HEFLIN. Mr. President, did the Senator from Arkansas [Mr. CARAWAY] hear the suggestion?

Mr. CARAWAY. Yes, sir; I heard it.

Mr. HEFLIN. Is that satisfactory?

Mr. CARAWAY. That is all right.

The VICE PRESIDENT. Without objection, the amendment of the Senator from Nebraska will be agreed to.

The VICE PRESIDENT. The joint resolution is still before the Senate as in Committee of the Whole and open to amendment. If there be no further amendment to be proposed, the joint resolution will be reported to the Senate.

The joint resolution was reported to the Senate as amended, and the amendments were concurred in.

The joint resolution was ordered to be engrossed for a third reading and was read the third time.

The VICE PRESIDENT. The joint resolution having been read three times, the question is, Shall it pass?

Mr. HEFLIN and other Senators called for the yeas and nays, and they were ordered.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. LA FOLLETTE (when Mr. BLAINE's name was called). I desire to announce that my colleague [Mr. BLAINE] is paired with the junior Senator from Utah [Mr. KING] on this vote. If my colleague were present, he would vote "yea."

Mr. BRATTON (when his name was called). I have a general pair with the junior Senator from Indiana [Mr. ROBINSON]. In his absence, I withhold my vote. If permitted to vote, I should vote "yea" on the passage of the joint resolution.

Mr. BROUSSARD (when his name was called). Making the same announcement as before, I withhold my vote.

Mr. FESS (when his name was called). I have a pair with the Senator from Michigan [Mr. FERRIS], which I transfer to the senior Senator from Massachusetts [Mr. GILLETTE], and vote "nay."

Mr. FLETCHER (when his name was called). I have a general pair with the Senator from Delaware [Mr. DU PONT], which I transfer to my colleague [Mr. TRAMMELL], and vote "yea."

Mr. OVERMAN (when his name was called). I have a general pair with the senior Senator from Wyoming [Mr. WARREN]. He being absent, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. SMITH (when his name was called). I have a general pair with the senior Senator from Indiana [Mr. WATSON], which I transfer to the senior Senator from Montana [Mr. WALSH], and vote "yea."

Mr. TYSON (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. GOFF]. Not knowing how the Senator from West Virginia would vote, I withhold my vote. If permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. JONES. I desire to announce the necessary absence of the Senator from New Hampshire [Mr. KEYES], the Senator from Maine [Mr. GOULD], the Senator from Massachusetts [Mr. GILLET], and the Senator from Oklahoma [Mr. PINE]. If present, these Senators would vote "nay."

Mr. KING. I have a pair with the junior Senator from Wisconsin [Mr. BLAINE], which I transfer to the senior Senator from Missouri [Mr. REED], and vote "nay."

The result was announced—yeas 48, nays 25, as follows:

YEAS—48

Ashurst	Fletcher	La Follette	Sheppard
Barkley	Frazier	McKellar	Shipstead
Black	George	McMaster	Simmons
Borah	Glass	McNary	Smith
Brookhart	Gooding	Mayfield	Steiwer
Capper	Harris	Neely	Stephens
Caraway	Hayden	Norbeck	Swanson
Copeland	Heflin	Norris	Thomas
Couzens	Howell	Nye	Wagner
Cutting	Johnson	Ransdell	Walsh, Mass.
Deneen	Jones	Robinson, Ark.	Waterman
Dill	Kendrick	Schall	Wheeler

NAYS—25

Bayard	Edwards	King	Shortridge
Bingham	Fess	McLean	Steck
Blease	Gerry	Metcalf	Tydings
Bruce	Greene	Oddie	Willis
Curtis	Hale	Phipps	
Dale	Harrison	Reed, Pa.	
Edge	Hawes	Sackett	

NOT VOTING—21

Blaine	Goff	Pittman	Walsh, Mont.
Bratton	Gould	Reed, Mo.	Warren
Broussard	Keyes	Robinson, Ind.	Watson
du Pont	Moses	Smoot	
Ferris	Overman	Trammell	
Gillett	Pine	Tyson	

So the joint resolution was passed, as follows:

Senate Joint Resolution 46, Seventieth Congress, first session

Joint resolution providing for the completion of Dam No. 2 and the steam plant at nitrate plant No. 2 in the vicinity of Muscle Shoals for the manufacture and distribution of fertilizer, and for other purposes

Resolved, etc., That the Secretary of War is hereby empowered and directed to complete Dam No. 2 at Muscle Shoals, Ala., and the steam plant at nitrate plant No. 2, in the vicinity of Muscle Shoals, by installing in Dam No. 2 the additional power units according to the plans and specifications of said dam, and the additional power unit in the steam plant at nitrate plant No. 2: *Provided*, That the Secretary of War shall not install the additional power unit in said steam plant until, after investigation, he shall be satisfied that the foundation of said steam plant is sufficiently stable or has been made sufficiently stable to sustain the additional weight made necessary by such installation.

SEC. 2. The Secretary of Agriculture is hereby authorized and directed, within the limits of appropriations made by Congress from the fund hereinafter provided for or from the Treasury of the United States—

(a) To construct, maintain, and operate experimental or production plants anywhere in the United States for the manufacture and distribution of fertilizer or any of the ingredients comprising fertilizer;

(b) To contract with commercial producers for the production of such fertilizers or fertilizer materials as may be needed in the Government's program of development and introduction in excess of that produced by Government plants. Such contracts may provide either for outright purchase by the Government or only for the payment of carrying charges on special materials manufactured at the Government's request for its program;

(c) To arrange with farmers and farm organizations for large-scale practical use of the new forms of fertilizers under conditions permitting an accurate measure of the economic return they produce;

(d) To contract with said farmers and farm organizations to pay the special costs and losses, if any, sustained by them as a direct result of such large-scale use of the new fertilizer or fertilizer practices during the initial or experimental period of their introduction;

(e) Whenever the Secretary determines that it is commercially feasible to produce any such fertilizer, it shall be produced in the

largest quantities practicable, and shall be disposed of at the lowest prices practicable, to meet the agricultural demands therefor, and to effectuate the purposes of this act; and

(f) The Secretary is authorized to make alterations, modifications, or improvements in existing plants and facilities and to construct and operate new plants and facilities in order to effectuate properly the provisions of this section.

SEC. 3. The Secretary of Agriculture in carrying out the purposes of this act shall locate a fertilizer plant in the vicinity of Muscle Shoals in Alabama and there shall be turned over to him the nitrate plant together with the steam plant at nitrate plant No. 1 connected therewith and such other buildings, houses, and shops there located as shall be necessary for the Secretary and his employees in the construction and maintenance and operation of such plants; and, when such fertilizer plant is thus located and established in the vicinity of Muscle Shoals, all the power necessary for the requirements of said plant shall be supplied from said steam plant located at nitrate plant No. 2 or from Dam No. 2.

SEC. 4. (a) The Secretary of Agriculture is authorized and directed to utilize nitrate plant No. 2 for experiments in the production of fertilizers by the use of the cyanamide process, to determine whether it is or is not commercially feasible to produce fertilizers by such process. If the Secretary of Agriculture determines that it is commercially feasible to produce fertilizers by the cyanamide process, then such plant shall be used for the production of fertilizers by such process in the largest quantities practicable and the fertilizers so produced shall be disposed of at the lowest prices practicable, to meet the agricultural demands therefor and effectuate the purposes of this resolution. In the utilization of nitrate plant No. 2 the Secretary of Agriculture shall avail himself of power in the same manner as provided in section 8.

SEC. 5. Revenue obtained from the sale of fertilizer or fertilizer materials shall be paid into the Treasury of the United States and shall become a part of the special fund hereinafter provided.

SEC. 6. The Secretary of War is hereby empowered and authorized to sell the surplus current not used in fertilizer operations and for operation of locks and other works generated at said steam plant and said dam to States, counties, municipalities, corporations, partnerships, or individuals, according to the policies hereinafter set forth, and to carry out said authority the Secretary of War is authorized to enter into contracts for such sale for a term not exceeding 10 years, and in the sale of such current by the Secretary of War he shall give preference to States, counties, or municipalities purchasing said current for distribution to citizens and customers.

SEC. 7. It is hereby declared to be the policy of the Government to distribute the surplus current generated at Muscle Shoals equitably among the States within transmission distance of Muscle Shoals.

SEC. 8. In order to place the Secretary of War upon a fair basis for making such contracts and for receiving bids for the sale of such current, he is hereby expressly authorized, either from appropriations made by Congress or from funds secured from the sale of such current, to construct, lease, or authorize the construction of transmission lines within transmission distance in any direction from said Dam No. 2 and said steam plant: *Provided*, That if any State, county, municipality, or other public or cooperative organization of citizens or farmers, not organized or doing business for profit but for the purpose of supplying electricity to its own citizens or members, or any two or more of such municipalities or organizations, shall construct or agree to construct a transmission line to Muscle Shoals, the Secretary of War is hereby authorized and directed to contract with such State, county, municipality, or other organization, or two or more of them, for the sale of electricity for a term not exceeding 15 years, and in any such case the Secretary of War shall give to such State, county, municipality, or other organization ample time to fully comply with any local law now in existence or hereafter enacted providing for the necessary legal authority for such State, county, municipality, or other organization to contract with the Secretary of War for such electricity: *And provided further*, That any surplus power not so sold as above provided to States, counties, municipalities, or other said organizations, before the Secretary of War shall sell the same to any person or corporation engaged in the distribution and resale of electricity for profit, he shall require said person or corporation to agree that any resale of such electric power by said person or corporation shall be sold to the ultimate consumer of such electric power at a price that shall not exceed an amount fixed as reasonable, just, and fair by the Federal Power Commission; and in case of any such sale if an amount is charged the ultimate consumer which is in excess of the price so deemed to be just, reasonable, and fair by the Federal Power Commission, the contract for such sale between the Secretary of War and such distributor of electricity shall be declared null and void and the same shall be canceled by the Secretary of War.

SEC. 9. The money received by the Secretary of War for the sale of such current, after deducting the cost of operation, maintenance, depreciation, and the cost of constructing transmission lines, if any shall be paid into the Treasury of the United States, and the same shall be segregated and set aside as a special fund for developing,

manufacturing, and introducing improved fertilizers and fertilizer practices for the purpose of reducing the cost and increasing the efficiency and use of fertilizers on American soils.

SEC. 10. Both the Secretary of War and the Secretary of Agriculture shall report in detail to Congress, on the first Monday in December of each year, their operations under this joint resolution.

SEC. 11. In order that the Secretary of Agriculture may not be delayed in carrying out the program authorized herein the sum of \$10,000,000 is hereby authorized to be appropriated for that purpose from the Treasury of the United States.

SEC. 12. The Government of the United States hereby reserves the right, in case of war, to take possession of all or any part of the property described or referred to in this act for the purpose of manufacturing explosives or for other war purposes; but if this option is exercised by the Government, it shall pay the reasonable and fair damages that may be suffered by any party whose contract for the purchase of current is thereby violated.

Passed the Senate March 6 (calendar day, March 13), 1928.

RETIREMENT OF DISABLED EMERGENCY OFFICERS

MR. TYSON. Mr. President, I move that the Senate proceed to the consideration of Senate bill 777, making eligible for retirement, under certain conditions, officers and former officers of the Army of the United States, other than officers of the Regular Army, who incurred physical disability in line of duty while in the service of the United States during the World War.

The motion was agreed to; and the Senate, as in Committee of the Whole, proceeded to consider the bill.

ADJOURNMENT

Mr. CURTIS. I move that the Senate adjourn.

The motion was agreed to; and the Senate (at 5 o'clock and 50 minutes p. m.) adjourned until to-morrow, Wednesday, March 14, 1928, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

TUESDAY, March 13, 1928

The House met at 12 o'clock noon and was called to order by the Speaker.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Still, still with Thee, our blessed Father in Heaven. At the break of a new day dawns the consciousness that Thou art still our refuge and strength! With our tendencies, our failures, and our sins, Thou dost never leave nor forsake us. Through the light of day and through the dark of night, when the sense of our beings is lost in sleep, Thou art our guardian angel! Hold before us and above our approaching footfall the light of Thy Holy Word: "Who shall ascend into the hill of the Lord and who shall stand in His holy place? He that hath clean hands and a pure heart." O help us especially in our unguarded moments. Give us faith in Thee that shall hold us strong, hope that shall keep us steadfast, and a love that shall make us a blessing to all. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Craven, its principal clerk, announced that the Senate disagrees to the amendments of the House of Representatives to the bill (S. 2317) entitled "An act continuing for one year the power and authority of the Federal Radio Commission under the radio act of 1927, and for other purposes," and requests a conference with the House on the disagreeing votes of the two Houses thereon, and had appointed Mr. WATSON, Mr. COUZENS, Mr. FESS, Mr. PITTMAN, and Mr. DILL to be the conferees on the part of the Senate.

CALL OF THE ROLL

The SPEAKER. Under the order of the House the Chair recognizes the gentleman from Ohio [Mr. BRAND] for 30 minutes.

Mr. BLANTON. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Texas makes the point of order that there is no quorum present.

Mr. TILSON. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The SPEAKER. The Doorkeeper will close the doors, the Sergeant at Arms will notify the absentees, and the Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 47]

Allen	Dickinson, Mo.	Kless	Sabath
Anthony	Douglas, Ariz.	Kindred	Sanders, N. Y.
Bankhead	Dowell	Kunz	Schneider
Beck, Pa.	England	Larsen	Sears, Fla.
Boies	Englebright	Leatherwood	Sirovich
Britten	Estep	Magrady	Snell
Browne	Fulbright	Major, Mo.	Spearing
Buckbee	Gallivan	Manlove	Stobbs
Burdick	Golder	Mead	Strother
Campbell	Goldsborough	Michaelson	Sullivan
Carley	Graham	Montague	Sweet
Celler	Green, Iowa	Moore, N. J.	Taylor, Tenn.
Christopherson	Hall, Ill.	Nelson, Mo.	Tillman
Cole, Md.	Harrison	Nelson, Wis.	Tinkham
Combs	Hastings	Norton, N. J.	Treadway
Connally, Tex.	Haugen	O'Connor, N. Y.	Udlike
Cramton	Igoe	Palmer	Vlason, Ky.
Crowther	Jacobstein	Porter	Wason
Curry	Jenkins	Pratt	Williams, Mo.
Davenport	Johnson, S. Dak.	Quayle	Wyant
Davey	Kendall	Rathbone	Yates

The SPEAKER. Three hundred and forty-nine Members are present, a quorum.

Mr. TILSON. Mr. Speaker, I move to suspend further proceedings under the call.

The SPEAKER. The gentleman from Connecticut moves to suspend further proceedings under the call. The question is on agreeing to that motion.

The motion was agreed to.

The SPEAKER. The gentleman from Ohio [Mr. BRAND] is recognized.

THE REPUBLICAN PRESIDENTIAL PRIMARY IN OHIO

Mr. BRAND of Ohio. Mr. Speaker and Members of the House, it seems difficult to get the floor when one's opponents do not want to hear some truth. I think there are quite a number of Republicans on this side who do not think it is wise or profitable to discuss the candidates that are running for the Presidency. I thoroughly agree with those men who believe that way. When my colleague [Mr. BURTON] invited Mr. Hoover to come into our State and contest the delegation I said then that that was a serious mistake, and I never have had occasion to change my mind since.

I know something about Ohio, and we have had a governor only twice in the last 16 years on account of contests in primaries, and Mr. BURTON knew that when he invited this contest; and after a contest is invited the discussion of the candidates is inevitable, because there is nothing else to discuss. They belong to the same party—all the candidates—and their principles ought to be the same, so that there is nothing to discuss except the candidates. So that I think my colleague [Mr. BURTON] has invited this, and I do not want him to be disappointed. [Laughter.]

I am informed from within and without the Department of Commerce that that department is now honeycombed with politics; that that department is not functioning to-day up to 75 per cent of efficiency on account of the political conditions. We in Ohio are not much surprised at that, because we have seen Mr. Hoover come out into Ohio and pick up an ex-political city boss and bring him down here and make him Assistant Secretary of Commerce, next in position to himself; and then we have watched this man—Mr. Brown—and he has become the active campaigner in Ohio and in Washington and in New York for Mr. Hoover, who is spending about a third of his time in Ohio and the rest of it here. He was recently over in New York, and I can see that if the First Assistant Secretary of Commerce is actively engaged in this campaign all the time the other officials in the department—and still down to stenographers and maybe the bootblacks—feel that that is what the chief wants. And I am told upon reliable authority that all the officers all over this broad land that belong to the Department of Commerce are now means to the end of nominating Herbert Hoover. [Applause and laughter.]

I say that that is using the money out of the United States Treasury for the purpose of a private political campaign. [Applause.] And I want to suggest to the President of the United States that it is now time that the resignation of Herbert Hoover as Secretary of Commerce be accepted [applause] on the ground of economy [laughter] and on the ground of fair play to the other candidates who can not help themselves to the Treasury. [Laughter.]

There is a great cause at stake in this nomination of a candidate on the Republican ticket for the Presidency of the United States.

Agriculture is making a gigantic struggle for equality and she must have a President sympathetic with her need. In other civilizations agriculture has succumbed and taken a lowly place. Is that to be the destiny of the American farmer and his family?